THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

June 1, 1940

Those Who Suspect U.S. Defense Moves

An Editorial

Belgians Abandon the Struggle

Peking the Unconquerable

BY FRANK OLIVER

Japan Wants the Dutch Indies

U.S. Dollar—Will it be Devaluated?

By John Ahlers

VOLUME 93 PRICE 50 CENTS (in China) NUMBER 1

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

ANSWER TO WANG

To the Editor:

I believe your readers will be interested in the following extracts from an open letter to Wang Ching-wei which appeared in the **Pasadena Post**, Pasadena, California, on March 30:

"Dear Mr. Wang:

"This open letter is addressed to you in answer to complaints expressed through your spokesman that American newspapers have been publishing 'inspired editorials' tending to discredit you as candidate for the Presidency of China running on the Japanese ticket. It is not clear from your complaints whom you charge with being the inspirer of the offensive editorials.

"Since I have reliable information, I am writing to inform you. The editorials of which you complain were neither inspired by Secretary Hull nor ordered by President Roosevelt. To my certain knowledge they had no American political or moral inspiration. Will it surprise you to hear that the editorials were inspired directly by yourself?....

"You were once a trusted officer in the Kuomintang. As the years passed your views became less positive and your devotion to the cause of your people lost its ardor. Indeed your patriotism has undergone so radical a change that you have forgotten the crimes of the Japanese militarists against the Chinese people, the butchery of your fellow civilians, the wholesale raping of Chinese women, the enforced debauchery of your people with opium, the destruction of schools, hospitals and universities, and the attempt of the invaders to set up an alien government over a people who have given more than 2,000,000 lives in the past two years for the liberty of their country.

"To the amazement, indeed to the horror of the American people, you have lent yourself as a tool of these same Japanese invaders, who are now trying to set up a Chinese fake government in your country.

"The Government of the United States has consistently refused to recognize the regime set up in Manchuria by the Japanese. It has repeatedly denounced the Japanese invasion of China as a violation of the Nine-Power Treaty of 1922 and the Kellogg-Briand Pact of 1928. After all these years of Japan's international brigandage in China, when you turn your back upon the cause of your people's liberty and consent to become the ignominious puppet-head of a government set up by your country's ruthless invaders, do you think, Mr. Wang, that American editorials are 'inspired' to discredit you?

"Yes, they have been inspired—but solely by the role which you have played of sanctimonious hypocrite and national traitor to China and to the Chinese people and to your once-avowed convictions. The facts of your political record have discredited you before the whole world. Indeed your course is so monstrous, that if I believed that the spirits of our dead ever come back to earth to visit us, I should expect the spirit of Sun Yat-sen to stand on the steps of his majestic tomb on Purple Mountain, and pronounce upon you his curse, in the name of the Chinese people.

"It is impossible to predict the future action of any national government. But in the light of its clearly avowed principles and its political history and its well-known friendship for China, it is highly improbable that the American Government will ever sink so low as to recognize a regime conceived in duplicity and founded in ignominy, as is the one which you aspire to represent as its puppet-head.

"I hope this frank, candid statement from an American citizen, a one-time resident in China, and an all-time friend of the Chinese people, will help to answer your question concerning the attitude of the American press toward you and your nefarious scheme."

G. R. C.

Pasadena, California,
April 15, 1940

BOMBED AGAIN

To the Editor:

After a lull of more than three months, the last air raid having occurred on the 2nd day of the 1st Moon (Feb. 9), this city was once again raided yesterday morning. About 9 o'clock we were informed by the local Air Defense Headquarters that nine enemy planes were heading for this city, but half an hour later only three were seen approaching toward us. As soon as they reached the outskirts of the east city they released a number of bombs, resulting in three civilians killed and three others slightly wounded. It is said that there are still three bombs in the river which have not exploded.

The aimless release of bombs by Japanese flying men, as evidenced by the case referred to above, has convinced us once more that they are virtually as weary of the war as their comrades in the army.

H. C.

Kanhsien, Kiangsi,
May 15, 1940.

STILL UNCONQUERED

To the Editor:

At the beginning of the Liukuochow incident, Japanese militarists attempted to conquer the whole of China within three months. Peiping and Tientsin were not defended by our best military forces, because the North China mili-

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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tary leaders attempted to settle the incident peaceably.

I recall with much sorrow, when I was studying in Peiping, the fate of the 29th. Routh Army. China has lost much territory since the beginning of the Sino-Japanese War. But the territory has not been of much use to Japan; it only separates her military forces. According to the report of the Executive Yuan, although a few provinces have been captured, the administration remains under the jurisdiction of the National Government.

Recently, a refugee from North Anhwei arrived here, and said that Anhwei is still unconquered. The Japanese only occupy the cities, business towns and to a certain extent the railways and highways. But governing is carried on the same as during peace time. Magistrates, Inspectors of Political Administration and the North Anhwei administrative branch of the Provincial Government, are still established. Chinese obey their civil officials, and they still pay taxes on their land to our government. The original Self-Defence corps has become a strong guerrilla force, giving much trouble and losses to the enemy from time to time. The Chinese Red Spear Corps continually menaces and attacks the enemy troops.

The puppet Provincial Government of Anhwei is established at Pengpu, but it cannot rule over North Anhwei. Chinese territory is still Chinese, in spite of traitors having organized various institutions.

I am sure that Chinese territory will eventually become the grave of Japanese troops.

SUN JU-CHENG

Lung Yen, Fukien,
April 26, 1940

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, May 29, 1940

Demand selling rate on New York: U.S.$1.00—Sh.$18.18

Demand buying rate on New York: U.S.$1.00—Sh.$17.77

Demand selling rate on London: £1.0.0—Sh.$58.18

Demand buying rate on London: £1.0.0—Sh.$56.88

AMERICAN STOCK AND COMMODITY QUOTATIONS

May 29, 1940

STOCKS

Amer. Locomotive	11¾
Amer. Waterworks	6¾
Anaconda Copper	21½
Bethlehem Steel	69⅞
Chrysler	59
Elec. Bond & Sh.	4⅛
Gen. Motors	40
Goodyear T. & R.	14¼
Gt. Nthrn. Rly., pfd.	18¼
Lockheed Aircraft	29¾
Mont. Ward	36¾
N. Y. Central	10¼
Texas Corp	34
U. S. Steel	45⅞

COMMODITIES

New York Cotton, July	9.60/60
New York Rubber, July	19.55/55
New York Hides, June	9.61B/67A
Chicago Wheat, July	83½/83¾
Chicago Corn, July	62⅝/62¾
New York Sugar, No. 4, Sept.	1.23½B/24A

B—Bid. A—Asked.

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SOVIET UNION, JAPAN AND NAZIS SUSPECT U.S. DEFENSE MOVES

THREE countries profess deep suspicion of the American defense program—the Soviet Union, Japan and Nazi Germany. The Soviet newspaper *Pravda*, official organ of the Moscow Government, is certain that American big business is artificially stimulating the war fever in the United States with the object of prolonging the war as a means of increasing profits and also for the purpose of expanding America's colonial possessions.

It was significant that translations of a *Pravda* editorial were supplied to Shanghai newspapers from two sources, the Nazi *Transocean* service and the Soviet *Tass* news agency. The Nazi translation said it was obvious that the Americans wished to keep out of the war, "a wish which is not restricted to the working classes, but also is shared by the broad masses of the people." In order to overcome this opposition the war propaganda campaign "is being carried forward systematically by press and radio . . in order to lead astray American public opinion . . the object being to terrify the nation with the spectre of war in order to make it more amenable to capitalist exploitation." In concluding the blast, *Pravda* paid its respects to Walter Lippman, special writer for the New York *Herald-Tribune*, who allegedly had asserted that the Soviet Union constituted a threat to the United States. Lippman was designated by the Moscow organ as one of the "big shots of the corrupt bourgeois press . . who advocate war at any price."

In concluding, the organ of the Soviet Government —which has just concluded its conquest of a considerable portion of Finland—declared that the American capitalists and their political supporters were trying to create a stock market boom "even though this involves the world in a struggle costing rivers of blood."

The translation of the *Pravda* editorial distributed in Shanghai by the (Russian) *Tass* agency declared that the American capitalists and imperialists "were not satisfied with the wide stream of gold flowing from England and France into the safes of the Federal Reserve Bank . . . but desired actively to participate in the re-division of the world and colonies." The Moscow paper also felt sure that the American capitalists were planning to take advantage of the "second imperialist war" to finally oust the British from Latin America. Germany, a formidable rival of the United States had "already been ousted from the Latin American market and Britain's position seriously shaken."

Another Soviet newspaper, *Komsomolskaya Pravda*, was quoted in a dispatch by the German *Transocean* agency as stating that the United States was already the "non-belligerent ally of Britain and France," and that "an intensive agitation was going on—under cover of a fog of phrases about the defense of Democracy—demanding that American assistance to the Anglo-French bloc be extended to the granting of credits for war materials." This was due, in the opinion of the Moscow journal, solely to the desire of the said capitalists to reap larger profits from the European war.

As for the Nazis, they profess to be in deadly fear that the British are planning an assault on the American steamer President Roosevelt, which has been sent to Galway, Ireland, to transport American citizens and their families home from wartorn Europe. The Berlin D.N. B. (Deutsch Nachrichten Bureau) charged that Winston Churchill, "driven to despair by the hard blows of the German armed forces . . was plotting to sink the refugee ship containing men, women and children . . and thus cause a conflict between the German and American peoples." The German news agency charged that this was the case with regard to the sinking of the Athenia at the beginning of the war . . "and when this failed . . Churchill planned an attack on the Iroquois . . but Germany frustrated this plot by informing the U.S. Government beforehand . . now Churchill is plotting to sink the Roosevelt," etc.

Mrs. F. D. R.

Current History

The German news service has also followed the practice of wiring to local foreign and Chinese papers full summaries of editorial comment from newspapers in the United States which are opposed to the U. S. defense program. An example of this was on May 27 when *Transocean* wired a full summary of an editorial from the New York *World-Telegram* which was headed, "U S. A. Not in Position to Enter War." Quoting from the editorial, the *Transocean* version said, "Today the U. S. cannot dispose of sufficient instruments of power for any intervention because the country only possesses a strong navy. The mobile force of the army, excluding personnel of the air force, numbers only 80,000 men. Most of the planes of the army and navy are obsolete. The U. S. could not run the risk of sending the fleet to European waters and exposing it there to attacks of hostile air fleets. The fleet must be kept in U. S. waters to protect the coast."

Aside from this editorial point of view that America was not in a position to join in the war, it was explained that the United States had been able to raise a huge army almost over night in 1917 because the American army was able to use equipment provided by the Allies. Today, the Allies have not been able to provide their own armies with sufficient equipment . . the logical conclusion to be drawn . . "was that the U. S. today is not in a position to enter the war even though it wanted to do so . . . it would require the United States at least one and a half years to prepare and even then it would barely suffice for the defense of the American hemisphere."

Transocean also carried a repoit quoting the *Washing-*

ton Post as stating that the Administration was focussing its attention "on the eventual consquences of a defeat of the Allies . . in which connection the President's economic advisers were discussing the future of the dollar and the immense amount of gold accumulated in the United States . . as it was feared that a defeat of the Allies would mean the end of the gold standard."

JAPAN'S CONCERN UNDERSTOOD

Japan's concern over the American re-armament program is already well understood in this quarter and requires no further elaboration, except that general alarm was created in Tokyo this week that American defense requirements probably would create a situation which would automatically cut off supplies of war materials

Shoe on the Other Foot

Detroit News

Uncle Sam to Japan (in the act of tearing up treaties) "But I thought you said you didn't like treaties!"

to Japan, including the all-important scrap metal, vital to the Nipponese not only for the manufacture of air-bombs and artillery shells, but for the manufacture of battleships and the supplying of heavy industries which feed the war machine.

A brief *Reuter* dispatch from Washington on May 27 bearing on this subject deserved greater prominence than it received in the local press. The dispatch stated that representatives had already agreed to amend the Military Defense Bill authorizing curtailment of military equipment, machinery and munitions. Passage of this amendment by the Senate was regarded as practically certain.

The Japanese have also professed concern that strengthening of American defenses, particularly in the Pacific, combined with the expansion of the Navy, may interfere with the plan to free the Philippines in 1946. The Japanese profess deep concern with the question of Philippine independence, but nevertheless were highly indignant that the Philippine Legislature voted to cut down Japanese immigration into the Islands from an average of 2,800 annually to 500 (from any one country). Despite the fact that the United States itself established the precedent by barring the immigration of Japanese laborers into the United States, the Tokyo Foreign Office protested to Washington against the Philippine immigration bill and urged President Roosevelt to exercise his power by vetoing the measure. President Manuel Quezon signed the new immigration bill on May 28, despite the Japanese protest.

Referring to the same subject, the Sino-American *Daily News*, Chinese organ at Shanghai, said that the spread of the war in Europe had enhanced the responsibilities of the United States as the guardian of peace in the Pacific. The U. S. was therefore, "duty bound to adopt a stiff stand and take more effective action to preserve the status quo in the Pacific area." "What Japan fears most," stated the paper, "is the American Fleet . . . therefore the United States should immediately send a strong naval unit to the Philippines in order to prevent a possible Japanese 'blitzkreig' invasion of the Netherlands Indies."

MOVES TO RESTRICT NAZIS AND RED AGENTS

On May 28 the U. S. Senate adopted an amendment to the Civil Liberties Bill forbidding any concern engaged in interstate commerce to employ a Communist or a member of the German-American Bund. The object of the measure, according to *United Press* report, was to further restrict German and Soviet activities in the United States. The *United Press* also carried a report from San Francisco stating that Herman Max Schwinn, the so-called "Fuehrer" of the West Coast and leader of the German-American Bund, was likely to be deported as an alien.

While it may require several months for the United States to put its re-armament program into effect, it apparently has not required many hours to prepare the people psychologically for resistance to alien propaganda and so-called "fifth column" activities. Remembering attempts which were made by the Germans previously to wreck American industrial plants, machinery has already been put in motion to prevent the development of a similar situation. This was indicated in reports from various quarters, one from Boulder Dam, world's largest power plant, stating that all employes were being questioned in an attempt to prevent any possibility of sabotage.

The Senate Judiciary Sub-Committee, on May 26 approved legislation to require the registration and finger-printing of some 3,500,000 aliens who reside in the United States. The Department of Justice also announced the addition of 100 men to its staff of 150 G-Men already engaged in investigating alleged "fifth column" activities. Martin Dies, Chairman of the Committee for the Investigation of Un-American Activities, stated that Congress would enact whatever legislation was required to prevent activities of aliens designed to "overthrow the United States Government by force." Congressman Dies also introduced a bill in Congress to reduce immigration into the United States by one-third. The bill also provides for the expulsion of all immigrants who, following their admision to the United States, became National Socialists, Fascists or Communists. Such foreigners expelled from the United States would not be permitted to return "even though they were only indirectly associated with such doctrines."

While much of the activity of this character may be attributed to excitement caused by the sensational expansion of the European war situation, and only a few of the measures introduced in Congress may be permitted to be become laws, it was regarded of deeper significance that President Roosevelt announced (May 22) that the United States Immigration Service would be transferred from the Department of Labor to the Department of Justice, the purpose being to more effectively combat espionage and sabotage.

The President also announced that "the social progress of the last few years would not be tampered with as a result of the re-armament program and the resulting

demand for labor. The President said he favored a 40-hour week and restriction of overtime to an absolute minimum. In this manner, he hoped that a considerable number of unemployed workers could be absorbed into gainful employment.

The House of Representatives on May 24 voted 354 to 120 in favor of further appropriations for federal welfare and unemployment relief, the sum appropriated being sufficient for eight months of the current budget year.

The President also made a significant remark that neither Labor nor Capital would be permitted to profiteer from the country's re-armament effort.

The *New York Sun* charged that much of the agitation and internal political disputes "had very little to do with saving the United States from threatening hostile attacks, but a great deal more to do with saving Roosevelt's New Deal Administration from defeat by the Republicans in the forthcoming national election. The *Washington Post* declared that after listening to some of the speeches "one might believe that the United States already was at war with Germany and that the country's defense was being paralyzed by revolutionary elements in our midst . . such eruptions of passion are certainly no sign of national strength, but only of hysteria, fear and weakness . . such behavior is apt to create the impression that our Democracy is apathetic and is so rotten that its decomposition was imminent."

Other anti-Administration papers charged that President Roosevelt was taking advantage of the war excitement to launch a "blitzkreig" against his Republican opponents. The Washington *Daily News* predicted that the Republicans in Congress would refuse to grant Roosevelt the dictatorial powers he desired. The paper said that Republican leaders such as Landon, Vandenberg and Hugh Johnson "were determined to put brakes on the hysteria which allegedly was being engineered for domestic policital purposes. The President's effort to obtain the cooperation of certain Republican leaders in the Administration apparently was not successful. *Transocean* carried a report from Washington on May 21 claiming that Roosevelt's plan to form a Democratic-Republican Coalition Cabinet was an unsuccessful "ballon d'essai."

While there has been strong partisan political and isolationist opposition to the President's re-armament program, the moral sentiment of the country seems to support the Administration's program. A group of 27 prominent American Protestants at a conference in New York adopted a resolution urging the United States to mobilize immediately its moral and material resources in support of the Allies. The manifesto issued by the group declared:

"The hour has come when the American people must decided whether they are prepared to face the future in position of virtual isolation or lend European nations such support as may yet enable them to halt German aggression.

"The issue is the preservation of freedom of life, worship, thought and basic essentials for tens of millions of citizens in peace-loving countries

"There is evidence that Nazi ambitions do not stop short of Latin America. Both the interests and ideals of the United States are imperilled.

"A German victory would doom America for a generation to a stupendous program of national preparedness, in which virtually all interests would be subordinated to defense, but more than material interests are involved, and we urge the United States immediately to enlist its moral and material resources in support of the Allied nations."

George Creel, director of publicity in the Woodrow Wilson Administration, now a supporter of President Roosevelt, declared in an address at the inauguration of the Brazilian pavillion at the Golden Gate Exposition that "it was the duty of the great family of American States to proclaim its unity and to defend the freedom of democracy at all costs. . . there was a time, unfortunately when the Monroe Doctrine was the subject of misunderstanding, but today no misunderstanding troubles the perfection of Pan-American unity."

Col. Fulgencio Batista, Cuban Presidential candidate, announced that Cuba would offer the maximum cooperation to the United States should the country enter the European war.

President Pedro Aguirre Cerda, President of Chile, said that the bonds of neighborly relations among the Pan-American countries were growing stronger.

Mrs. Eleanor Roosevelt, wife of the President, in a nation-wide apeal for Red Cross war relief funds,

Nazi-Communist Working Agreement

The Washington Post

The cartoon depicts Kuhn, leader of the German Nazis in the United States, in prison with Earl Browder, Communist leader, who has been convicted of passport fraud.

declared, "If we turn away from the need of others we align outselves with those forces which are bringing about this suffering and which we must eventually try to defeat."

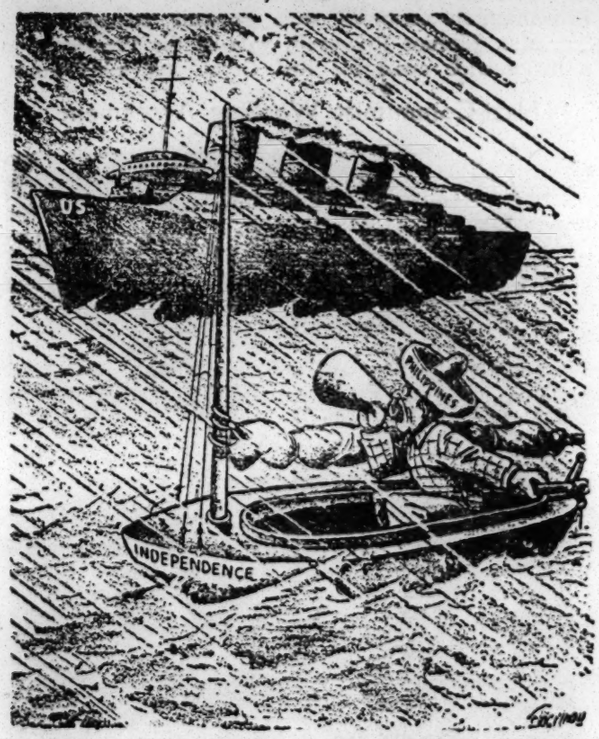
Wayne Chatfield Taylor, director of the American Red Cross activities in Europe said that 5,000,000 French and Belgian refugees were making "terrific inroads on French food supplies . . it is impossible to exaggerate the refugee problem . . the impact on all food supplies is staggering . . the plight of large numbers of refugee children lost or made orphans along the roads leading from the Belgian border was indescribably poignant."

According to *United Press* two American ambulances were a total loss at the front and others had been damaged; four drivers and one inspector were missing. *Reuter* reported from Paris that American ambulances had erased the red cross on their roofs "as they only excited the malevolent attention of German fliers.

Of most significance from the standpoint of the effect of the German drive upon the civilian population of Belgium and France was a statement by President Roosevelt, at a press conference, "that Americans would understand the significance of these methods of warfare." The President said that even as he was talking, German planes were flying over French roads, indiscriminatingly machine-gunning hapless men, women and children who were forced to flee from their homes. The toll resulting from the activities of German aircraft, he declared, "was such as has never been known."

The President, on May 27, made a strong personal appeal for contributions to the Red Cross, "in the name

"Ahoy There!"



The Washington Post

of our common humanity." He declared that the United States was shocked by the almost incredible stories of what is happening "at this moment to civilian populations of Norway, Holland, Belgium, Luxembourg and France."

ROOSEVELT TO NAME NEW NATIONAL DEFENSE COMMITTEE

According to *Havas* message from Washington (May 25) a new U. S. National Defense Council was likely to be formed shortly for the purpose of coordinating the national defense program. The Council would include civilian experts as well as members of the Government and would be recruited from the domains of American industry, finance, agriculture, labor, transport, and communications. According to Stephen Early, White House Press Secretary, the purpose of the Council would be to represent as great as possible a section of the American commercial and civic structure. According to Mr. Early, the President intends to prevent price fluctuations as occurred during the first world war.

The full text of President Roosevelt's latest statement on national defense appears elsewhere in this issue of *The Review*. Reports from Washington indicated that it was received somewhat less enthusiastically than his earlier address to Congress. Newspaper comment (*Havas*) was critical on two points, (1) the financial situation of the United States; (2) the possibility of speedy organization of production of war materials. Some congressmen criticized delays in the organization of industrial production and blamed the President for not asking the industries themselves to supervise their production and for having entrusted this task to politicians. Many Republicans were of opinion that the President did not ask for sufficient credits for his re-armament program.

Thomas Dewey, a leading aspirant for the Republican nomination for President, said that President Roosevelt "should make peace with business after seven years of war, as his first national defense step," according to *U. P.* report. Senator Robert Taft, another Republican aspirant for the nomination stated his opinion that the country was in greater danger of the "infiltration of totalitarian ideas from New Deal circles in Washington, than it ever will be from Germany."

⁂

WHAT ABOUT THE ITALIANS HERE IF MUSSOLINI "GOES IN"

War developments last week left another group of Europeans —the Belgians—stranded here without a home government to lean on. Others in a similar situation include the Dutch, Poles, Czechoslovakians, Danes, and to a certain extent, the Norwegians. Shanghai truly has become a city of refugee. Many months ago when the German and Austrian Jews, first victims of Hitler wrath, began arriving here, some Shanghailanders thought some restriction should be placed on this enforced immigration. Fortunately, the humanitarian idea prevailed and Shanghai now houses many thousands of these unfortunates—or possibly fortunate ones who managed to escape from European choas before Hitler went mad. Aside from the German Jews, Shanghai also provides a place of refuge for several hundred "Nordic" Germans who were forced to evacuate British and French concessions and colonies elsewhere in the Far East. They can, by travelling through Japan and Russia, return to Germany, but we imagine most of them prefer the "free" atmosphere of Shanghai.

But what about the Italians, in the event Mussolini finally decides to enter the war. Unlike other European groups here, Mussolini maintains a small contingent of troops in Shanghai. This fact has caused considerable anxiety and at least two international conferences, one called by Admiral Thomas C. Hart, Commander-in-Chief of the U. S. Asiatic Fleet, and the other called by Rear-Admiral M. Takeda, Commander-in-Chief of the Japanese Special Naval Landing Party. In both cases it was reported that everybody had agreed to preserve the *status quo*, whatever that means.

In 1914 when the first world war broke out, Shanghai was not a "garrison" city, meaning that no foreign country maintained troops here. The Germans had a small naval force and garrison at Tsingtao, but the Japanese quickly captured the city—by violating Chinese territorial integrity and advancing on the land side. Britain was in alliance with the Japanese then, but the British force never got within smell of the powder of their allies. Shanghai is now a "garrison" city, thanks to the Japanese who built permanent barracks here, following their invasion and war after the Manchurian incident in 1932.

Today there are American, British, French and Italian troops in the foreign-administered areas and large numbers of Japanese troops around the borders of both the International Settlement and French Concession. Then there is the puppet Wang Ching-wei's army of gangsters in the Badlands on the western border.

Also, there is the Shanghai Volunteer Corps, an international group containing a dozen or more nationalities, of which the White Russians are the most numerous.

One hears rumors of intrigue on all sides; that the Italians and Nazis may engineer disturbances and thus provide the Japanese with justification for launching an attack and "taking over" the Settlements. Another rumor is that the Italian Marines may be transferred to Hongkew in order to avoid clashes with the British in the event Mussolini enters the war. A further rumor was that the S. V. C. might be disbanded because of seditious elements in its ranks, but this was disproved by the action of the British Consul-General in urging Britons to join the Volunteers. Many foreigners, feeling uneasy, have been "brushing up" on their marksmanship in order to be ready in the event "something happens."

In view of what has happened in Europe, it would be foolish to attempt a forecast of what "might happen" at Shanghai. But in view of the fact that the city provides a convenient and comfortable place of refuge for everybody, belligerents as well as non-belligerents, it would seem sensible for everyone to cooperate in preserving the *status quo*. At least that is what the military commanders are supposed to have decided and we are glad to leave it at

that point. From the standpoint of the individual, the wise policy would seem to be the adoption of a spirit of tolerance and to ever keep in mind the fact that Shanghai is a "city of refuge" for everybody, Chinese and foreigners, who should be happy to escape from what is happening to the human family elsewhere and try to preserve the peace here.

The U.S. Dollar—Will It be Devaluated?

BY JOHN AHLERS

THE first obvious and undisputed result of the present European war, and at the same time a result that appears bound to last, is the U.S. dollar's establishment in the position of the world's most important and most stable currency. Thirty years ago, this position was held by the British pound. The Great War of 1914-18 laid the foundations of the present hegemony of the American currency. The post-war decade saw U.S. and British currencies as equal rivals. The Great Depression cut loose the British pound from fixed relation to gold bullion. The new European war has given the finishing touch to American monetary predominance.

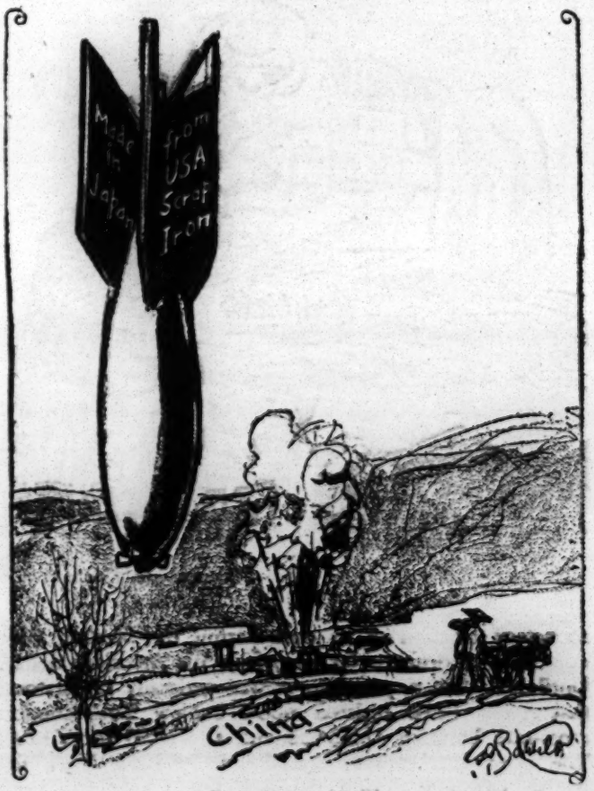
The United States today is the only major country with a free currency unhampered by exchange control, pegged to gold, and with genuine reserves sufficiently large to ward off any anxieties as regards their early exhaustion. The currencies of all other large countries are fettered and manipulated by exchange control, and are maintained at official rates higher than the open market quotations. They have either exhausted or sharply decreased their reserves, or are otherwise in jeopardy. The same applies to the currencies of most of the middle-sized and small countries. There are left in Europe two small neutrals with free currencies and a spotless financial reputation, viz., Switzerland and Sweden, but this clearly is not the time to make either the Swiss or the Swedish currencies attractive to others. In Asia, Thailand's *Baht* would appear entitled to enjoy confidence, but Thailand is all too small and financially undeveloped to count in monetary world affairs. As regards most other currencies, the less said about them the better.

No other currency today has as large a share as U.S. currency in international financial transactions. More international trade today is financed in American than in British money. Even in the foreign trade of Japan and China, the American dollar recently outdistanced the British pound. The free international commodity markets derive their orientation from U.S. currency. Outside the British Empire, Pound Sterling calculation continues to predominate in shipping only, and in all probability will not do so for very long. American currency has become a refuge for capital invested in the U.S. dollar's former rivals, and the flow of gold and other funds to U.S.A. goes on. As an international financial center, New York has superseded London, and today for many countries' domestic business financial developments in New York are more important than those in their own financial strongholds. The American domestic currency position is so strong that even the withdrawal of all the foreign funds entrusted to U.S.A. could not seriously shake its foundation, which is a firm hold upon almost 70 per cent of the world's monetary gold reserves.

Yet people continue to discuss and to fear, in Shanghai as elsewhere, a devaluation of the American dollar. It is widely believed that the decline in the open market rate for the pound sterling must inevitably lead, sooner or later, to a downward readjustment of the American currency's gold value, and that participation of the U.S.A. in the European war would be likely to precipitate such readjustment. This belief is chiefly sustained by the fact that President Roosevelt continues to enjoy the power of decreasing, without act of Congress, the U.S. dollar's gold value to half of what it was prior to Roosevelt's advent to power. For the past six years, that gold value has been maintained at slightly below 60 per cent of the former statutory figure, so that President Roosevelt remains empowered to decrease the present gold value of U.S. currency by another approximately 16 per cent. An attempt was made in Congress early last summer to wrest these monetary powers from the President, and the G.O.P. election campaign program for this year expressly provides for their repeal, but the President firmly and sucessfully resisted these attempts. One fine day President Roosevelt may suddenly slice another sixth off the American dollar.

There appears to be, however, very little probability that President Roosevelt within the near future will

"Cooperation"



Times-Herald, Washington, D. C.

decide to do so. From the point of view of U.S. currency reserves, an American devaluation is unnecessary. These reserves are large enough to meet any emergency, and to defeat any amount of speculation against U.S. currency. As the world's biggest creditor, U.S.A. already made such substantial concessions to its debtors that no further gifts would be justified. As regards U.S. foreign trade, another devaluation is neither required nor desirable. American foreign trade is doing well, under the circumstances, and it is not to be seen how this trade could be strongly promoted at the present time by cheapening the U.S. dollar, with chiefly governmental trade and exchange controls instead of free exchange rates determining the volume, value and trend of international trade. Export subsidies have proved a better means of export promotion. The eventual entry of

the United States into the European war would not fundamentally change the situation in any of these directions.

President Roosevelt, on the other hand, is naturally disinclined to relinquish his devaluation powers, because their abolition would substantially decrease the total weight of his discretionary powers which at present form the preferred and the most powerful weapon of the Washington Administration's foreign policy. As long as he remains entitled to further devaluate the U.S. dollar, President Roosevelt is in a position to keep British-French devaluation maneuvers within the limits required by American interests. The President under his present monetary powers also retains control of the U.S.2,000,-000,000 Exchange Stabilization Fund, which will have to be definitely fixed.

Trade between the United States and the Sterling Bloc countries, which now include also France and the French possessions, is by far the biggest chunk of world trade. The United States, of course, cannot without

Greedy Dealers Raise Prices

Chungking Cartoon

monetary reaction of its own permit the Sterling Bloc currencies to drift too far away from the American dollar. Until less than a year ago it was generally understood that New York insisted upon a New York-London cross-rate between U.S.$4.50 and U.S.$5.00 for £1.0.0. The open market rate established by New York for British currency during the past few weeks has been vacillating between U.S.$3.10 and U.S.$3.30, and at the critical moment of Germany's sudden invasion of the Low Countries even dropped as low as 2.90. However, some 90 per cent of American trade with the Sterling Bloc countries, the United Kingdom and France as well as the British and French colonies and British India, is transacted not at the open market rates but at the official London rate of U.S.$4.03. This rate is only 15 per cent below the pre-war rates and has not seriously impaired U.S. trade with either the Sterling Bloc or other countries, chiefly by reason of the sharp wartime and devaluation price increase in the Sterling Bloc countries.

The official British view of the two rates for pounds sterling is that the 4.03 rate is the only one that really counts. Transactions at, or upon the basis of this rate, it is true, were in recent months more than twenty times larger than transactions at the New York open market rate. These latter transactions were so small that more than once Shanghai sterling sales were influential enough to depress the New York rate for pounds by several points. Nevertheless, these transactions and the New York unofficial pound rate are disreputable for sterling currency, since they clearly indicate that people are willing to sell holdings in British currency some 20 per cent below the value which London officially attributes to that currency. If the open money markets were convinced that the pound sterling against American currency was fairly rated at 4.03, and that this rate was likely to be maintained in the future, there would be a buying rush for open market sterling which soon would bring its rate close to the official rate. But on the contrary, London's reluctance to intervene in favor of open market sterling appears to result from the fear that, with the recent turn of the European war, any substantial improvement in the open market sterling rate is likely to release a selling wave in pounds sterling.

The desirability of one or another of various currencies for various holders partially depends on the latter's nationality. It still may be argued seriously that for British nationals the British pound remains the most desirable currency. Should the pound come through the war at the official 4.03 rate, British nationals now buying sterling much cheaper at the open market rates may register substantial gains on such purchases. For other nationals, however, U.S. currency appears to offer very substantial advantages over the pound sterling. The United States has but a single rate for its currency, and there is no rate discrimination against foreign holders of U.S. dollar funds. There is no exchange control in U.S.A., and there is little or no likelihood of any such control being introduced even if America enters the war against Germany. U.S. currency is pegged to gold, and though the President remains authorized to devaluate it by one-sixth, there is a definite legal limit to such devaluation at a point 50 per cent below the pre-Roosevelt dollar's gold value. British currency, on the other hand, is neither pegged to gold nor to anything else, and London may decrease its official exchange rates without limit whenever it is deemed necessary or desirable.

A final downward readjustment, by the Washington Administration, of the U.S. dollar's exchange value against the other major currencies may become necessary in the end. Washington seems to realize, however, that it would be useless to attempt such readjustment before the end of the present European war, which leaves the fate of all other currencies in the balance.

"Render Therefore Unto Caesar The Things Which are Caesar's"

One is reminded of the above familiar Biblical quotation upon perusal of a translation from the Japanese newspaper *Tairiku Shimpo* which was circulated to the local foreign papers by *Domei* last Sunday night. The item stated that the Shanghai Cotton Manufacturing Company, a Japanese organization, had donated the sum of Ch. $200,000 to the Japanese Army and a similar sum to the Japanese Navy. The presentation was made on the 20th anniversary of the cotton manufacturing company's reorganization, by Keitaro Kuroda, chairman of the board of directors, who in the course of his remarks was quoted as stating that the Shanghai Cotton Manufacturing Company had been established 35 years ago as a British concern, but 15 years later it had been taken over and reorganized as a Japanese enterprise. "Since that time," Mr. Kuroda remarked,

"The Company has expanded and grown, thanks to the Japanese Army and Navy authorities."

Mr. Kuroda, however, neglected to explain that his company's phenomenal "expansion and growth" in the past three years had been due to the Army's action in turning over to it for operation a number of profitable Chinese cotton spinning and weaving concerns which the Japanese Army had seized (without compensation) from Chinese owners.

Unconquerable Peking

BY FRANK OLIVER

Asia Magazine

NO one who lives in Peking for a month wants to leave it, and when people do leave they swear they will go back. What's more they usually do. A year in Peking and one wants to spend a lifetime there. No one has ever explained this satisfactorily. It is a pleasant disease which one may call *pekinitis*. I've just left Peking but only because I believe that the parting is temporary and that I shall be going back some time—despite the Sino-Japanese war and the changes it has brought, despite the foreign military occupation of the city of Kublai Khan and Yung Lo.

Ostensibly Peking is governed today by a Chinese regime, put in office by the Japanese army. This curious body has offices and bodyguards, functionaries with high-sounding titles—and no power. Nominally it governs the twenty square miles enclosed by Peking's city walls and also narrow corridors of territory down the railways and chief highways: that is, those ribbons of Chinese soil which, though surrounded and harassed by Chinese guerrillas, are held by the invading army. Under this body is a municipality with a police force, a fire department and some social services. But it functions only by and through the Japanese army and gendarmerie.

The Japanese army as conquerors and the Japanese gendarmerie, working through the police, are therefore responsible for almost all that goes on in Peking today. They control householders, order Chinese school-children to attend celebrations of Japanese victories over Chinese armies, pay the pickets who carry on the anti-British or any other anti-foreign movement, pay the crowds who attend mass meetings to denounce Britain, Chiang Kai-shek or whatever the hate of the moment chances to be. They control the education of Chinese and edit text books, they decide what may and may not be taught, and they exercise jurisdiction over the Japanese and Koreans who run the innumerable beer halls, drug dens, geisha houses and houses of prostitution. They are able to force Chinese to vacate houses wanted by Japanese settlers who have come to colonize the promised land.

Within the city walls the Japanese military boot, whether worn by soldier or gendarme, is paramount. But, it must be added, the Japanese army has been infinitely better behaved in Peking than anywhere else in China. It has behaved in Peking almost as well as any army of occupation of any country could be expected to behave.

Within the walls there are plenty of areas which now are called "Little Tokyo," so strong is Japanese influence in the city. Endless Japanese shops, selling the cheaper Japanese products, line the principal shopping streets and, as in Tokyo, fill the sidewalks with Japanese advertising banners, while in and out go Japanese housewives in colorful kimonos and flat-footed *geta*. Seldom does one see a Chinese going in; these shops seem chiefly to serve the wants of the Japanese soldiers and the ever-growing Japanese civilian population. None of them makes a fortune, competition being too great. Some have changed hands two or three times since occupation began, reportedly sold by disillusioned proprietors to other newcomers to the Japanese paradise-to-be. Chinese business has been hit of course, but as much by general war conditions, lack of contact with the hinterland, distrust of the new Japanese money, the trade tie-up caused by Japanese blockade of the foreign concessions in Tientsin and by the Japanese-enforced boycott of British goods as by direct competition from these Japanese petty shopkeepers.

In the east city, once the chief residential section for foreigners, there is now more than flavor of the Ginza—flaring neon signs over shops, beer halls, restaurants, geisha houses and houses of lesser repute which might have been lifted bodily out of the Yoshiwara. The extent of the business done can be gathered from the fact that in a single month, in 1938, the income of geisha houses and brothels alone was $7,000,000 in Chinese money, an unpublished but semi-official figure. The Japanese civilian population at that time was 30,000 as against a little over 2,000 before the war began. Today there are 50,000 Japanese civilians in Peking.

In other parts of the city are springing up scores of typical modern Japanese buildings, looking like giant cigar boxes with rounded corners, facsimiles of the buildings which have made Mukden, in the past ten years, the ugliest city in Asia. On the streets there seem to be more Japanese than Chinese. Every ricksha seems to have a Japanese passenger, every second car a Japanese chauffeur.

And the ancient walls of Peking have at last been breached, not by an attacking enemy from without but by a conquering army from within.

Through the western breach runs the continuation of one of the city's main thoroughfares, miles into the countryside to where a Japanese residential city is planned. The road is there because cheap Chinese labor can be pressed into service and the necessary land can be expropriated in the name of progress and villages can be blotted out in the same good cause. But cheap Chinese labor cannot create building materials. They must be bought and paid for. A Japanese spokesman in Peking, just before I left, was asked when the building of the residential city would begin. He was a little vague and finally said it might depend on how much scrap iron America would sell to Japan.

The breach in the east wall also lets out a continuation of a main street to an area where a Japanese industrial town is planned. This will need even more scrap iron and some machinery as well. The plan, however, is to flank conquered Peking with towns completely Japonified, one residential, the other industrial.

One of the worst features of military occupation is the restriction put upon intercourse with one's Chinese friends. It is now a little unhealthy for Chinese to display too much interest in or intimacy with the hated white man. This especially applies to the British, against whom feeling is strongest. Not long ago a Chinese friend called to see me and left his ricksha parked outside. Japanese-employed anti-British pickets were there, thinly disguised as peanut sellers and buyers of empty bottles and old newspapers. While my Chinese friend and I were talking inside, the ricksha puller underwent a mild third degree outside. Who was his employer; where did he live; what work did he do; why did he visit a Britisher who was on the blacklist? Next day my friend had a call from

Monarch of All He Surveys

Lewis in the Milwaukee Journal

the police and his share of third degree methods *a la Japonaise*. That was sufficient for me. I got word to most Chinese friends not to call and to expect no calls from me. But there are ways of getting round this, and I met my friends in safety, chiefly in the houses of Americans.

The Japanese gendarmerie is striving, always against odds, to implant in Peking the Japanese police system and its methods. But the difficulties are great because the Chinese are not so malleable as the Japanese and hence are difficult to regiment. With them, passive mass resistance is an art.

Even in the hundreds of restaurants in Peking the Chinese host must notify the proprietor of his list of guests, and the restaurateur supplies the list to the Japanese authorities through the police. Woe betide the Chinese who entertains publicly too many foreigners, especially if they are British. But there are ways of getting round this too.

One method of Japanese colonization and of endeavoring to show the white man that he isn't wanted in the Japanese Garden of Eden-to-be is the practice of petty annoyance. For instance, all the important gates of the city remain open till seven p.m. But the gate which leads to Paomachang, where many foreigners have residences, is closed at five p.m. by Japanese orders, and that makes getting home at night a rush and a nuisance.

Foreigners and Chinese alike enjoy listening to news broadcasts, one of the more popular stations being Treasure Island, at San Francisco. So the Japanese started broadcasting from a station in Japan on exactly the same wave length and effectively drowned out Treasure Island. Official protests from the United States government led to no amelioration. Similarly difficulties are placed in the way of reception of news broadcasts from Hong Kong and London. The only foreign station allowed to come clearly and powerfully into China without Japanese interference is Berlin.

Newspaper correspondents are received in conference with the greatest politeness and friendliness. But on occasion their Chinese assistants are summarily arrested, questioned, frightened, released with "So sorry, mistake." Sometimes a correspondent may have a group of Japanese buglers (specially selected tone-deaf executants as I have reason to know) placed outside his house to blow morning till night, and they may be supplemented by a detective to follow him everywhere he goes.

The most amazing thing about Peking today is the optimism of the Chinese people, not only among the intellectuals but among the workers, the ricksha coolies, house servants, small shopkeepers. They have an unconquerable optimisim. Their newspapers are all Japanese-controlled, printing only such news and comment as the Japanese army desires. From reading them the average Chinese might be forgiven for believing that Chiang Kai-shek is on the brink of the grave, that Japanese armies have occupied most of the country and been welcomed with open arms, that there is dissension and strife in the Chinese camp and peace and prosperity only with the Japanese in control. But this propaganda is so flagrant that it defeats its own purpose. The Chinese never had much confidence in his daily newspaper at any time. Now he has much less. He firmly believes that the day will dawn in the not distant future when a real Chinese regime will return to Peking and North China, when the Japanese armies will go home and the Kuomintang, or whatever emerges from it through the fires of war, will return to Peking to rule.

Although many changes have been wrought in Peking, the essential characteristics of the city remain. Japanese shops cannot blot out Peking's great buildings. The Forbidden City remains intact, as do the more famous temples, for which, as a general rule, the Japanese have considerable respect. The Temple of Heaven is unimpaired, as are the temples of Confucius and the Lamas and the great Hall of Classics.

Force alone cannot radically change a way of life centuries old. It is still possible to lead in Peking that life of quiet ease which ensnares so many Westerners, holds them in spell and never really lets go. In the *hutungs* are still the quiet courtyards, shaded by date trees or willows or acacias, and surrounded by comfortable pavilions with fretted windows, pavalions which face the courtyards and present blank walls to the street, creating homes with complete privacy. And in the city are still members of the intelligentsia, Chinese artists making pictures, Chinese writers talking even if they dare not write, and Chinese students being trained without Japanese dictatorship or interference, in an American university.

There still is the Central Park, carved out of a former imperial garden, where grow peonies of unimaginable beauty on twisted trees as much as four centuries old. There is the Tai Miao, surrounded by cypress trees which have seen two dynasties rise and fall, the loveliest building in North China. There still is the Pei Hai, one of the wonder gardens of the world. And there is still the Summer Palace with its quiet backwaters among Ming Dynasty ruins, its towering pines and its quiet, secluded Fisherman's Garden, the imperial hunting park, with its tamarisk and pines, and the hills behind, on whose sides perch friendly temples, where the monks always have a ready teapot for the casual visitor.

Within the city walls are still the many temples and fine buildings, *pailous* and ancient carved shop fronts, streets full of itinerant merchants, the rambling kitchen and the travelling barber, then, a bullock cart, a farmer riding a donkey, a string of laden camels. All day the Chinese pass in and out of their temples, burning a stick of incense for luck in a business deal, safe travel for a relative, happy delivery for a mother. Outside the temples sit the letter writers offering to write in behalf of the unlettered, of whom there still are many. There are things of beauty to be bought in the shops outside Chien Men, fine pieces of carved jade, occasionally a good picture, a choice piece of porcelain, a roll of beautiful old silk, a finely embroidered coat, a piece of old furniture of one of the many wonderful woods known only to China.

And the restaurants are still there, serving the best food outside France. The Japanese have discovered Chinese food, of course, but one still can get a private room and there revel in chicken velvet, Peking duck, almond soup and fifty other choice dishes. There is still the Mongol restaurant where you dip finely sliced mutton into a miraculous sauce, broil it over a giant brazier and stuff it into *shou ping*, the whole washed down with warm rice wine from Shaohsing, a drink to which *sake* may be a cousin but how many times removed.

And on summer evenings one still can sit in a cool courtyard and hear the song of the cicada and the music of whistling pigeons, music coming from tiny Pan pipes carried on their backs and played by the currents of air as the birds wheel in flight.

These things, a centuries-old way of life and thought, a culture and civilization rooted in the dim past, today fight against the alien influence brought by a conquering army. It is too early to predict success perhaps but, as Albert Gervais wrote long before this war began, "Under the yoke of the rude-mannered barbarian the civilization of China, stifled for a moment, came forth again little by little: it had a higher value, a more universal scope; the conquerors, who had nothing to oppose to the Chinese genuis but brute force, adopted it gradually, assimilated it, and the irresistible phenomenon of the triumph of the civilized was reproduced like an implacable law."

The Chinese are confident in their patient energy, their fecundity, their respect for tradition. As some one has said, they have prolonged their idea of civilization into a new world, not as something exterior to themselves, but as a force incorporated into their substance.

Oh, yes, every one goes back to Peking sometime or other and so shall I.

Catholic Writer Scores U.S. Policy in Sino-Japanese War

Editor's Note:—The following editorial comment, dealing with the anomalous attitude of the United States toward the Sino-Japanese war, was written by the Rev. James M. Gillis and appeared in the March, 1940 issue of "The Catholic World," which is published in New York City.

FINLAND has suffered. Poland has suffered much more. But the greatest of sufferers is China. Here also the reputation of the would-be crusaders for religion and humanity (England and France) is not so good. And now I must include in the indictment my own country. The attitude of the United States in this matter is, I think, scandalous and indefensible. We did indeed make some feeble little protest when Japan invaded Manchuria in 1931. England faled to cooperate and we have been explaining ever since that we did not go further with the rebuke to Japan because England would not back us up. Our defense is hypocritical. We purport to be an idealistic and philanthropic people. We haven't yet ceased boasting of what we did for Cuba and Puerto Rico in 1898. We just couldn't endure seeing those poor Latins at our front door suffering hideous cruelties at the hands of the Spanish "butcher" General Weyler. But now there is butchery a thousand times greater at the back door of our Islands in the Pacific, and instead of trying to stop it, we are actually providing the instruments with which the Japanese are slaughtering the Chinese. Our idealistic, humanitarian, philanthropic Congress haggles over the difficulties and dangers of intervening! But intervention in behalf of the victims is not necessary. All we need do is to stop intervening in behalf of the aggressors.

Here in New York we may seem to be so far away from the war in China as to be unconcerned. But we have had, here before our very eyes, a liaison between ourselves and the slaughter of millions of innocents in China. There used to be constantly in the freight-yards across the river in Jersey acres upon acres of freight cars loaded with scrap-iron for shipment to Japan. When the old Sixth Avenue elevated railway was torn down, the material, we are told, was sent to Japan. So now, when we see, as we do see almost every day in the newspapers, pictures of Chinese dwelling houses, huts, hospitals, schools bombed and blazing, it is a ghastly thing to realize that those bombs, the planes that dropped them

the bullets, the shrapnel, the tanks, were made of American material, perhaps even in American factories.

We can do to Japan in six months, or less, what England is trying to do to Germany—crush her with economic warfare. Yes, the cocky little Japs make threats against us. Our own journalists and politicians fear what Japan might do if we cross her. But if we cannot stand off a Japanese attack on the sea while the Chinese, quite as brave as the Finns, give Japan plenty to attend to on land, we must already have fallen to the level of a tenth-rate power.

I have read many arguments against disturbing our friendly relations with Japan. One of the best of them, in *America*, February 10th, is entitled "Our Trade with Japan Involves Large Issues." Precisely so—"Our Trade." The writer, John C. LeClair, knows his statistics, and he knows how to make statistics talk. He proves

Uncle Sam's Conscience

World Culture, Chungking

Chungking magazine shows Uncle Sam listening to his conscience (Chinese victim) while he contemplates enforcing an embargo on Japan.

that "Japan is not only our best Asiatic customer but one of the best foreign customers we have." He recommends "looking at the question from the point of view of American interests." He flings a jibe at "sentimentality and emotion," "platitudinous gesturing" (a good trick if you can do it) and "so-called idealistically minded" persons. He declares that "we should not be oblivious to the fact that there is a tremendous amount of business dependent on the outcome of this situation which we can hardly afford to lose." That sort of argument at least is honest; "idealism," "emotionalism," "wishful thinking," "lip service" to high-sounding phrases and all other Quixotic nonsense must be ignored, and attention fastened upon the brute fact of how "Our Trade with Japan" would suffer.

Meanwhile prodigious slaughter of the Chinese continues. Millions have been murdered. All rules are off. There is no regard for even the most elementary conventions of what is called "civilized warfare." Details of the carnage indicate that by comparison the war at the Western Front is shadow-boxing, the war in Finland a bit of by-play, and even the tragedy in Poland inconsiderable. Indeed the calamity in China is so big that it is too big. Too big for the human mind to grasp. So it fails to move us. We are more concerned about the hurricane on Long Island or a cold spell in Florida (fancy the poor rich vacationists having to put on clothes!) A threatened shortage in the water supply of New City York or —to judge by the space allotted to it in the papers—the escapades of an old roue actor bent upon rivalling Don Juan, concern us more than the agony of a nation of four hundred million people. We are told we must not lay a hand upon Japan or even speak an unkind word to her because she may undertake reprisals that will hit us in the pocket-book!

Very well; but if that be the case, let us never again call ourselves a humanitarian people. Stuart Sherman used to say "No nation ever followed an ethical ideal." Shall we say "Amen" to that? If so, let us add a fervent "God forgive us!" If this be "sentimentality" and "emotionalism" so be it. But I still believe we could and should stop the wholesale slaughter in China, and that we could to it without war.

Stalin Accused of Attempt on Life of Exile Leon Trotsky

THE first well-organized attempt to take the life of Leon Trotsky, exiled Bolshevik leader who is living in Mexico City, took place on May 24 when a gang of 20 men gained entrance to his home and machine-gunned his bedroom for 15 minutes in the early morning hours. The would-be assassins also threw thermos bottles containing incendiary liquid through the windows of Trosky's home, causing fires which were extinguished before much damage was caused. According to a *United Press* report from Mexico City, Trotsky and his wife Natalia escaped death or injury from the machine-gun fire by rolling from their beds on to the floor. One of the revolutionist's bodyguards, whose name was given as Archie Sheldon, was kidnapped by the would-be assassins who made their escape in one of Trotsky's automobiles.

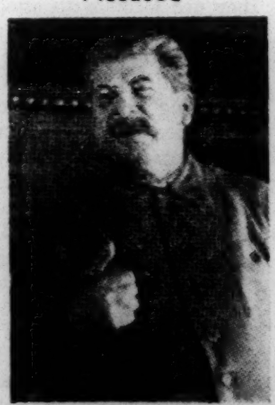
Accuser

Leon Trotsky

It was revealed that the attackers gained entry to the Trotsky household at 4 o'clock in the morning by a ruse. Over-powering the permanent police guard of five outside the house, some of the attackers donned the police uniforms and thus managed to enter the house where they made their attempt on Trotsky's life. The five guards inside the house were apparently no match for the determined machine-gunners, who all escaped unscathed.

In a public statement following the attempt, Trotsky charged that the attack was "organized by the GPU (Soviet Secret Police) under the direct supervision of Stalin." Trotsky broke with Stalin and his policies about 12 years ago. He was deported from the Soviet Union to Turkey and lived subsequently in France and Norway. In 1936 he was granted the right to live in Mexico by the government of President Cardenas and has resided there ever since. He is the leading figure in the Fourth International, revolutionary opponent of Stalin's Communist International (Comintern) and of the social-democratic Second International.

Accused



Dictat[illegible] Stalin

There have been two important repercussions of the attempt on Trotsky's life. The first, reported in a *Havas* dispatch from Mexico City on May 26, was an announcement by Deputy Miguel Flores Villar that he would ask the Mexican Congress to order the expulsion of Trotsky and of "Communist agitators" from Mexico. The second was a statement by the German D.N.B. agency, which charged Congressman Martin Dies of Texas with having organized the attempt on Trotsky's life in order to prove the existence of "Fifth Column" activities in Mexico and therefore on the southern border of the United States. Congressman Dies is chairman of the Committee Investigating un-American activities in the United States. The Dies Committee has probed into Nazi and Communist (Stalinist) activities in the United States.

Belgian Army Abandons Struggle as King Leopold Orders Surrender; Invasion of England Nears

GERMANY'S plan to conquer France and invade England was brought a step nearer realization on Tuesday of this week as Belgian resistance to the Nazi invasion, crumpling under the weight of furious pounding, was relinquished, leaving the British Expeditionary Force and units of the French Army in northern France and southern Belgium in a well-nigh hopeless position. Unless these Allied forces can be withdrawn they are faced with almost certain annihilation, for they are now surrounded on three sides by powerful German forces. At this writing they are fighting furious rear-guard actions, their backs to the English Channel.

Amazing Aerial Act

Punch, London

King Leopold of Belgium, reportedly acting against the advice of his Ministers, ordered the Belgian Army to surrender unconditionally. The Belgian Cabinet, meeting in Paris, repudiated the monarch's action. Premier Pierlot, in a radio broadcast, declared that the Belgian Army and civilian officials were no longer bound by their oath of allegiance to the King, since the latter had opened negotiations with the enemy on his own responsibility and without the knowledge of his Ministers. The German High Command confirmed these charges, stating that the King had made his decision to surrender against the wishes of his Cabinet, "who are apparently still under the orders of their British and French employers." The King and his men, a communique of the German High Command declared, will receive the treatment due all good soldiers, adding that King Leopold had been assigned a castle in Belgium for his official residence.

The gravity of the situation which the Belgian surrender has created for the Allies has been emphasized in both France and Britain. Premier Reynaud of France, after reproaching King Leopold for surrendering "without a word to the French and British soldiers who had come to aid his country," made the following gloomy statement: "We knew dark days would come. They have come." To which he added: "France was invaded 100 times and never humbled . . . It is in the trials which await us that we shall form France's new soul and make it greater than ever. Our faith in victory is intact . . . Misfortune has always made France greater. France has never been more unanimous than today."

Winston Churchill, Britain's Prime Minister, speaking in the House of Commons, only mildly reproached the Belgian King for his surrender, which he said was "uncalled for under the circumstances." The surrender, he said, had placed the Allied armies in a serious position and the British Expeditionary Force is now "besieged from three sides and from the air." The Belgian Army, he went on, had fought very bravely and suffered and inflicted severe losses . . . "It is not for this House to pass judgment on King Leopold in his capacity as commander of the Belgian Army at this moment." Then came the ominous warning: "The House should prepare itself for hard and heavy tidings."

Belgium's surrender extends German domination of Europe's coast as far as Ostend from the north, while the German forces on the Channel coast, having taken Boulogne after a severe battle, are now reported in possession of Calais and Gravelines and about to take Dunkirk. If the almost-encircled Allied armies are unable to break a passage south through the German salient which extends to the coast—and this now appears well-nigh impossible—they will be annihilated piecemeal unless they can take to ship and get away. Transport ships are in waiting at Dunkirk and nearby harbors, but time is of the essence of even a partially successful withdrawal, for the Germans are swiftly closing the safety gap on the coast and are subjecting all embarkation points to furious aerial bombardment.

At the beginning of this week, in preparation for a German assault on England—which the Nazis now openly declare they intend to make in the nearest future—the British Government withdrew General Sir Edmund Ironside from his post as Chief of the Imperial General Staff and placed him in command of the Home Defenses.

Time for Showdown

Shoemaker in Chicago Daily News

The new Chief of the Imperial General Staff is General Sir John Dill, hitherto a corps commander in the British Expeditionary Force to France. He is 59 years old.

With German planes bombing points along England's east coast—a foretaste of what is apparently in store—Britain is also proceeding vigorously against "Fifth Column" suspects. Thousands of aliens have been rounded up and sent to concentration camps, while Britons suspected of pro-German sympathies have been placed under arrest. A rather humorous note in this drive was an announcement from London that all enemy women aliens in Great Britain are to be interned on the Isle of Man. With the Germans already in substantial control of the French Channel ports, England is also looking to her food supplies. The country has been divided into 800 autonomous food centers, each a self-sufficing geographic unit, in anticipation of the cutting off of supplies from abroad. By this means, it is stated, the nation can be fed for several weeks without any imports.

The seriousness of the military situation for France was evidenced in the removal last week-end of fifteen unnamed French generals from their commands, among the ousted men being an army corps commander. The French Government also warned the people, and particularly the civil authorities, to obey no orders purporting to come from the Government unless in the form of official documents, because "Fifth Column" agents were said to have issued pamphlets—bearing the signatures of high officials, including even the premier and war minister—containing misleading instructions. The German *D.N.B.* agency asserted on May 27 that M. Albert Sarraut, leader of the French Radical Socialist Party, had been executed by a firing squad. There were also reports that General Gamelin, recently relieved of the command of the French Army, had committed suicide. A Paris military tribunal, according to *Reuter*, has sentenced four workmen to death for sabotage and sent two others to prison for 20 years.

Already the question is being asked whether France, if the Germans occupy much more of that country, will not follow the examples set by Holland and Belgium and capitulate to the invaders. A "highly authoritative Government spokesman" in Berlin, *Domei* reported on May 24, declared that in the view of Chancellor Hitler France may soon sue for a separate armistice, thus enabling Germany to hurl her full strength at England by air and sea. He will not be satisfied, the spokesman was credited with saying, until Germany has beaten England to her knees and dictated peace on Nazi terms.

It will be recalled that several weeks ago the Allied War Council, meeting in London, issued a binding declaration that neither France nor Britain would enter into any separate peace negotiations with Germany. On May 23 this declaration was reinforced by a statement which Prime Minister Winston Churchill made in the House of Commons. Britain, he said, would negotiate no peace with Germany "except in agreement and co-operation with the French Republic."

An anxious world heaved a sigh of relief on May 25, which was the day after the 25th anniversary of Italy's entry into World War I. It had been expected that Italy, reversing her stand of a quarter of a century ago when she joined the Entente against Germany and Austria-Hungary, would enter the present German war camp, using the anniversary (which, incidentally, is also Britain's Empire Day) as a favorable psychological moment. But nothing happened, except a flood of bellicose speeches and newspaper articles directed against the Allies. The day prior to the anniversary, King Victor Emmanuel conferred Italy's highest decoration, the Supreme Order of Annunciation, on Field-Marshal Hermann Goering, Hitler's right-hand man—to mark the first anniversary of the signing of the Italo-German alliance. The order made Field-Marshal Goering a "cousin" of the Italian King.

EYES OF THE WORLD ARE ON THE LINER PRESIDENT ROOSEVELT

The eyes of the world were being focussed this week on the American liner President Roosevelt which has been sent to Galway, Ireland, to evacuate Americans who have fled from Europe. Berlin announced that Britain planned to attack or sink the vessel on her return voyage with a view to attaching blame to Germany and thus further influencing the United States against that country. Nevertheless, both the British and German governments, United Press reported from Washington, have given assurances that their navies have been advised of the voyage. Secretary of State Cordell Hull instructed American envoys in London, Paris, Berlin, Brussels, the Hague and Oslo to inform the governments to which they are accredited that the United States Government expects the President Roosevelt to make its eastward and westward trips without molestation by the air, naval or military forces of any belligerent. The vessel, the governments were to be informed, would carry no cargo and would take only American citizens and their families on the westward voyage. It would be unarmed and unconvoyed, would display the American flag prominently, and would proceed fully lighted at night. The vessel is expected to make two round trips, as more than 2,000 Americans are said to be awaiting evacuation. They are concentrating in Ireland for embarkation.

The Italians, however, continue to prepare, psychologically and otherwise, for entry into the war on the side of Germany. The Rome newspaper *Giornale d'Italia* wrote on May 28: "Three knots—Suez, Gibraltar and the Dardanelles—must be cut. England, in attempts to realize egotistic plans of hegemony, never wanted to hear anything about freedom of the Mediterranean. But now Italy wishes to speak of it—Italy, which on account of its overseas possessions as well as defense of its rights as a sovereign state . . . must free itself from these fetters which are hampering its movements. The *Tribuna* mentioned Italian claims to Nice, Corsica, Tunis, Malta and Djibuti and quoted words which it attributed to Abraham Lincoln: "The pride of little England must be reduced to justified proportions. It must be limited and made to fit its ethnographic borders."

There is a general belief that if, and when, Italy enters the war on Germany's side, Spain will attempt to seize Gibraltar and thus strike a blow at the Allies in the Mediterranean. In this connection, significance was seen in the action of the British Government in appointing Sir Samuel Hoare as Ambassador Extraordinary and Plenipotentiary to Madrid, replacing Sir Maurice Peterson, who has been given another post. Sir Samuel, it was stated, has a "special mission" in Madrid, and this mission is believed connected with the problem of Gibraltar.

According to an *Associated Press* report, quoted in a *Domei* dispatch from New York, Italy closed her frontiers with France and Switzerland at midnight on May 27. Official circles in Rome declared this to be a "false rumor." Nevertheless, the British Embassy at Rome has reportedly advised British nationals to leave Italy immediately. Meanwhile, defense preparations are being rushed at Malta, British island stronghold in the Mediterranean, because of Italy's growing bellicosity. Curfew has been imposed and special precautions are being taken against a possible invasion by parachute troops.

U. S. Defenses

Roosevelt Describes Army and Navy Growth; Warns Against Fifth Column Activities

Editor's Note:—Following is the text of a radio address delivered by President Roosevelt on May 26 over a national radio hook-up in the United States.

AT this moment of sadness throughout most of the world, I want to talk with you about a number of subjects that directly affect the future of the United States. We are shocked by the almost incredible stories that come to us of what is happening at this moment to the civilian populations of Norway and Holland and Belgium and Luxemburg and France. I think it is right on this Sabbath evening that I should say a word in behalf of women and children and old men who need help, immediate help in their present distress, help from us across the seas, from us who are still free to give it.

Tonight over the once peaceful roads of Belgium and France millions are now moving, running from their homes to escape bombs and shells and fire, without shelter, and most wholly without food. They stumble onknowing not where the end of the road will be. I remind you of these people because each one of you that is listening to me tonight has a way of helping them. The American Red Cross which represents each of us is rushing food, clothing and medical supplies to these destitute millions. Please—I beg of you—give according to your means to your nearest Red Cross chapter; give as generously as you can. I ask this in the name of our common humanity.

"Let us sit down again together, you and I, to consider our own pressing problems that confront us. There are many among us who in the past closed their eyes to events abroad because they believed, in utter good faith, what some of their fellow Americans told them—that what was taking place in Europe was none of their business; that no matter what happened over there the United States could always pursue its peaceful and unique course in the world.

There are many among us who closed their eyes from lack of interest or lack of knowledge, honestly and sincerely thinking that the many miles of salt water made the American hemisphere so remote that the people of North, Central and South America could go on living in the midst of their vast resources without reference to or danger from other continents of the world. There were some among us who were persuaded by minority groups that we could maintain our physical safety by retiring within our continental boundaries—the Atlantic on the east, the Pacific on the west, Canada on the north and Mexico on the south. I illustrated the futility—the impossibility—of that idea in my message to the congress last week. Obviously a defense policy based on that is merely to avoid future attack. And finally there are a few among us who have deliberately and consciously closed their eyes because they were determined to be opposed to their Government's foreign policy, to be partisan, and to believe that anything that the Government did was wholly wrong. To those who have closed their eyes for any of these many reasons, to those who would not admit the possibility of the approaching storm—to all of them the past two weeks have meant the shattering of many illusions. They have lost the illusion that we are remote and isolated and therefore secure against the dangers from which no other land is free. In some quarters with this rude awakening has come fear bordering on panic. It is said that we are defenseless. It is whispered by some that only by abandoning our freedom, our ideals, our way of life, can we build our defenses adequately, can we match the strength of the aggressors.

I did not share those illusions. I do not share these fears. We are now more realistic, but let us not be calamity howlers and discount our strength. Let us have done with both fears and illusions. On this Sabbath evening, in our homes in the midst of our American families, let us calmly consider what we have done and what we must do. In the past two or three weeks all kinds of stories have been handed out to the American public about our lack of preparedness. It has even been charged that the money we have spent on our military and naval forces during the last few years has gone down the rat hole. I think that it is a matter of faith to the nation that you hear the facts. We have spent large sums of money on the national defense. This money has been used to make our Army and Navy today the largest, the best equipped and the best trained peace-time military establishment in the history of this country.

Let me tell you just a few of the many things accomplished during the past few years. I do not propose to go into every detail. It is a known fact, however, that in 1933, when this Administration came into office, the United States Navy had fallen in standing among the navies of the world, in power of ships and in efficiency, to a relatively low ebb. The relative fightig power of the Navy had been greatly diminished by failure to replace ships and equipment which had become out of date.

Between 1933 and 1940—seven fiscal years—your Government will have spent $1,457,000,000 more than it spent on the Navy during the seven years before 1933. What did we get for this money? The fighting personnel of the Navy rose from 79,000 to 145,000. During this period 215 ships for the fighting fleet have been laid down or commissioned, practically seven times the number in the preceding similar period. Of these we have commissioned 12 cruisers, 63 destroyers, 26 sumbarines, 3 aircraft carriers, 2 gunboats, 7 auxiliaries and many smaller craft. Among the many ships now being built and paid for are 8 new battleships.

Ship construction costs millions of dollars—more in the United States than anywhere in the world; but it is a fact that we cannot have adequate naval defense for all American waters without ships—ships that sail the surface of the ocean, ships that move under the surface and ships that move through the air. And speaking of airplanes that work with the Navy, in 1933 we had 1,127 useful aircraft and today we have 2,592 on hand and on order. Nearly all of the 1933 planes have been replaced by new planes because they became obsolete or worn out. The Navy is far stronger today than at any peace-time period in the whole long history of the nation. In hitting power and in efficiency, I would even make the assertion that it is stronger today than it was during the World War. The Army of the United States in 1933 consisted of 122,000 enlisted men. In 1940 that had been practically doubled. The Army of 1933 had been given few new implements of war since 1919 and hand been compelled to draw on old reserve stocks left over from the World War. The net result of all this was that our Army by 1933 had very greatly declined in its ratio of strength with the armies of Europe and the Far East. That was the situation I found.

Since then great changes have taken place. Between 1933 and 1940—seven fiscal years—your Government will have spent $1,292,000,000 more than it spent on the Army the previous seven years. What did we get for this money? The personnel of the Army has been almost doubled; and by the end of this year every existing unit of the present Regular Army will be equipped with its complete requirements of modern weapons. Existing units of the National Guard will also be largely equipped with similar items.

Here are some striking examples taken from a large number: Since 1933 we have actually purchased 5,640 airplanes, including the most modern type of long-range bombers and fast pursuit planes, though of course many of these which were delivered four, five, six or seven years ago have worn out through use and been scrapped. These planes cost money—a lot of it. For example, one moden four-engine, long-range bomber plane costs $350,000; one modern interceptor pursuit plane costs $133,000; one medium bomber costs $160,000.

In 1933 we had only 355 anti-aircraft guns. We now have more than 1,700 anti-aricraft guns. We now have more on order. And you ought to know that a three-inch antiaircraft gun costs $40,000 without any of the fire-control equipment that goes with it.

In 1933 there were only 24 modern infantry mortars in the entire Army. We now have on hand and on order more than 1,600. In 1933 we had only 48 modern tanks and armored cars. Today we have on hand and on order 1,700. Each one of our heavier tanks costs $46,000. There are many other items in which our progress since 1933 has been rapid. And the great proportion of this advance has been during the last two years. In 1933 we had 1,263 Army pilots. Today the Army alone has more than 3,200 of the best fighting flyers in the world, who last year flew more than 1,000,000 hours in combat training. This does not include the hundreds of splendid pilots in the National Guard and organized reserves.

Within the past year the productive capacity of the aviation industry to produce military planes has been tremendously increased. This capacity today, however, is still inadequate. But the Government, working with industry, is determined to increase this capacity to meet our needs. We intend to harness the efficient machinery of these manufacturers to the Government's program of being able to get 50,000 planes a year.

One additional word about aircraft: Recent wars, including the current war in Europe, have demonstrated beyond doubt that fighting efficiency depends on unity of control. In sea operations the airplane is just as much an integral part of unity of operation as are the sumbarine, the destroyer and the battleship; and in land warfare the airplane is just as much a part of military operations

as are the tanks corps, the engineers, the artillery or the infantry itself. Therefore the Air Force should be part of the Army and Navy.

At my request the Congress is voting the largest appropriation ever asked by the Army or the Navy in peace time, and the equipment and training provided by them will be in addition to the figure I have given you. The world situation may so change that it will be necessary to reappraise our program at any time. In such case I am confident that the congress and the Chief Executive will work in harmony as a team, as they are doing today. I will not hesitate at any moment to ask for additional funds when they are required. In this era of swift, mechanized warfare we all have to remember that what is modern today and up-to-date, what is efficient and practicable, becomes outworn tomorrow. Even while the production line turns out airplanes, new ones are being designed on the drafting table. Even as a cruiser slides down the ways, plans for improvement, plans for increased efficiency in the next model are taking shape in the blue-prints of designers. Every day's fighting in Europe, on land or sea in the air, disloses constant changes in methods of warfare. We are constantly improving and redesigning, testing new weapons and seeking to produce in accordance with the latest that the brains of science conceive.

We are calling up resources, the efficiency and the ingenuity of American manufacturers of war materials of all kinds—airplanes, tanks, guns, ships and all the hundreds of products that go into these materials. The Government of the United States itself manufactures a few of the implements of war. Private industry will continue to be the source of most of these materials, and private industry will have to be sppeeded up to produce it at the rate and efficiency called for by the needs of the times.

I know that private business cannot be expected to make all the capital investment required for expansion of plants and factories and personnel which this program calls for at once. It would be unfair to expect industrial corporations to do this when there is a chance that a change in international affairs may stop future orders. Therefore the Government of the United States stands ready to advance the necessary money to help provide for the enlargement of factories, the establishment of new plants, the employment of thousands of necessary workers, the development of new sources of supply for the hundreds of raw materials required, the development of quick mass transportation of supplies. The details of this are now being worked out in Washington, day and night.

We are calling on men now engaged in private industry to help us in carrying out this program and you will hear more of this in the next few days. This does not mean that the men we call upon will be engaged in the actual production of these materials. That will still have to be carried on in the plants and factories throughout the land. Private industry will have the responsibility of providing the best, speediest, and most efficient mass production of which it is capable. The functions of the business men whose assistance we are calling upon will be to coordinate this program, to see to it that all of the plants continue to operate at maximum speed and efficiency. Patriotic Americans of proved merit and of unquestioned ability in their special fields are coming to Washington to help the Government with their training, experience and capability. It is our purpose not only to speed up production but to increase the total facilities of the nation in such a way that they can be further enlarged to meet emergencies of the future. But as this program proceeds there are several things we must continue to watch and safeguard, things which are just as important to the sound defense of a nation as physical armament itself. While our Navy and our airplanes and our guns may be our first lines of defense, it is still clear that way down at the bottom, underlying them all, giving them their strength, sustenance and power, are the spirit and morale of a free people. For that reason we must make sure in all that we do that there be no breakdown or cancellation of any of the great social gains which we have made in these past years. We have carried on an offensive on a broad front against social and economic inequalities and abuses which had made our society weak. That offensive should not now be broken down by the pincers movement of those who would use the present needs of physical military defense to destroy it.

There is nothing in our present emergency to justify making the workers of our nation toil for longer hours than now limited by statute. As more orders come in and as more work has to be done, tens of thousands of people who are now unemployed will receive employment. There is nothing in our present emergency to justify a lowering of the standards of employment. Minimum wages should not be reduced. It is my hope, indeed, that the new speed-up of production will cause many businesses which now pay below the minimum standards to bring their wages up. There is nothing in our present emergency to justify a breaking down of old age pensions or unemployment insurance. I would rather see the systems extended to other groups who do not now enjoy them. There is nothing in our present emergency to justify a retreat from any of our social objectives—conservation of resources, assistance to agriculture, housing, and help to the underprivileged.

Conversely, however, I am sure that responsible leaders will not permit some specialized group which represents a minority of the total employees of a plant or industry to break up the continuity of employment of the majority of the employees. The policy and the laws providing for collective bargaining are still in force, and labor will be adequately represented in Washington in this defense program.

Also, our present emergency and a common sense of decency make it imperative that no new group of war millionaires come into being in this nation as a result of the struggle abroad. The American people will not relish the idea of any American citizen growing rich and fat in an emergency of blood and slaughter and human suffering.

And finally this emergency demands that the consumers of America be protected so that our general cost of living can be maintained at a reasonable level. We ought to avoid the spiral processes of the World War. The soundest policy is for every employer in the country to help give useful employment to the millions who are unemployed. By giving to those millions an increased purchasing power the prosperity of the whole country will rise to a much higher level.

Today's threat to our national security is not a matter of military weapons alone. We know of new methods of attack. The trojan horse, the "fifth column" that betrays a nation unprepared for treachery, spies, saboteurs and traitors are the actors in this new strategy. With all of these we must all vigorously (omission). But there is an added technique for weakening a nation at its very roots, for disrupting the entire pattern of life of a people. It is important that we understand it. The method is simple. First, discord: A group—not too large—a group that may be sectional or racial or political—is encouraged to exploit their prejudices through false slogans and emotional appeals. The aim of those who deliberately egg on these groups is to create confusion of counsel, public indecision, political paralysis and eventually a state of panic. Sound national policies come to be viewed with a new and unreasonable skepticism, not through the wholesome political debates of honest and free men but through the clever schemes of foreign agents. As a result of these new techniques armament program may be dangerously delayed; singleness of national purpose may be undermined; men can lose confidence in each other and therefore in the efficiency of their own united action; faith and courage yield to doubt and fear; the unity of the State is so sapped that its strength is destroyed. All this is no idle dream. It has happened time after time, in nation after nation, during the last two years. Fortunately American men and women are not easy dupes. Campaigns of group hatred or class struggle have never made much headway among us and are not making headway now. But new forces are being unleashed—deliberately planned propagandas to divide and weaken us in the face of danger as other nations have been weakened before. These dividing forces are undlluted poison. They must not be allowed to spreed in the new world as they have in the old. Our moral and mental defenses must be raised as never before against those who would cast a smokescreen across our vision.

The development of our defense program makes it essential that each and every one of us feel that we have some contribution to make toward the security of our country. At this time when the world—and the world includes our own American hemisphere—is threatened by forces of destruction, it is my resolve and yours to build up our armed defenses. We shall build them to whatever heights the future may require; we shall build them swiftly, as the methods of warfare swiftly change. For more than three centuries we have been building on this Continent a free society, a society in which the promise of the human spirit may find fulfillment. Commingled here are the blood and genius of all the peoples of the world who have sought this promise. We have built well; we are continuing our efforts to bring the blessings of a free society, of a free and productive economic system, to every family in the land. This is the promise of America.

It is this that we must continue to build, this that we must continue to defend. It is the task of our generation. But we build and defend not for our generation alone. We defend the foundations laid by our fathers. We build a life for generations yet unborn. We defend and we build a way of life not for America alone but for all mankind. Ours is a high duty, a noble task. Day and night I pray for the restoration of peace in this mad world of ours. It is not necessary that I, the President, ask the American people to pray in behalf of such a cause. I know you are praying with me. I am certain that out of the heart of every man, woman and child in this land, in every waking minute, a supplication goes up to the Almighty God; that all of us beg that suffering and starving, that death and destruction may end, and that peace may return to the world. In common affection for all mankind your prayers join with mine—that God will heal the wounds and the hearts of humanity.

Wang Ching-wei Army Officer Assassinated

Ku Lih-fang, alias Ku Chi-min, described as an officer in Wang Ching-wei's "National Reconstruction Army," was shot and killed by political terrorists in a room of the Yangtsze Hotel, at Hankow and Yunnan Roads, on Tuesday of this week. In the course of the shooting an adjutant of Ku, a man named Hu Ah-chuan, was fatelly wounded, while a third officer and Ku's young concubine received minor wounds. It was the concubine who revealed Ku's connection with the Wang Ching-wei organization. The gunmen who participated in the attack all escaped.

Chinese Blamed for Deadlock in Japan-Nanking Parleys; Peace Rumors are Heard Again

DEADLOCK in the Wang Ching-wei-Japanese parleys in Nanking, revival of peace rumors, the departure of the Nanking Mission to Tokyo for China, and an alleged Nanking plan to oust Wang Keh-min from his post as head of the North China regime featured developments in Sino-Japanese politics in the past week.

The first intimation of what had been going on in Nanking since the arrival there of Gen. Nobuyuki Abe, Japan's special envoy to the Wang regime, more than a month ago, was provided last week by Gen. Seiichi Suzuki, director of the political department of the Asia Development Board, at a meeting of cabinet advisors in Tokyo. Gen. Suzuki revealed that so far no formal talks for a readjustment of Sino-Japanese relations had been initiated between Gen. Abe and Wang Ching-wei.

Chinese Are Blamed

According to a *Havas* report from Tokyo quoting the *Hochi Shimbun*, Gen. Suzuki remarked that the delay in the matter had been due solely to the Chinese side, that is, the Nankingites, but he hoped that negotiations would be started as soon as the Chinese had completed their preparations. In the opinion of the *Hochi Shimbun*, Gen. Suzuki's remarks were equivalent to an admission that a deadlock has arisen in the Nanking talks.

In connection with the Nanking-Japanese parleys, a rumor gained wide circulation in Shanghai some days ago that emissaries of the Chinese and Japanese governments were discussing peace terms in Hongkong and that Gen. Abe had flown to Hanoi to contact the representatives of Chungking. The rumor, however, drew a categorical denial from the Chinese authorities, while the Japanese Army spokesman also entered a disclaimer. He said that he had not heard of such rumors and that it was "very unlikely" that Gen. Abe would journey to South China in the near future.

Apparently somewhat agitated by the rumors of direct Chungking-Tokyo peace negotiations which, if true, would mean that the Japanese intend to abandon their Nanking puppets, Lin Pai-sheng, Nanking's publicity minister, issued a vehement denial, blaming Chungking's propagandists for fabricating these rumors. He affirmed that Gen. Abe is still in Nanking.

Envoys Want Peace?

While it cannot be ascertained where the recent peace rumors originated, Japanese sources seem to be capitalizing on them to advance their own purpose. In a dispatch from Hongkong, *Domei* alleged that Chinese diplomatic envoys in Europe had urged the Chinese Government to consider the advisibility of concluding peace with Japan in view of the rapidly changing international situation.

The Japanese report named Chen Chieh, Chinese Ambassador to Germany, Dr. Quo Tai-chi, Ambassador to London, and Dr. Wellington Koo, Ambassador to Paris as among the Chinese diplomats abroad who have urged Chungking to revise its policy of anti-Japanese resistance. If the *Domei* story is to be believed, the alleged peace advocacy by Chinese diplomats may result in further confusion in Chungking political circles, already divided in to two camps—the advocates of closer ties with Moscow, Berlin and Rome and those in favor of closer cooperation with the United States and other democracies.

Elaborating the tale, another *Domei* message from Hongkong alleged that Sun Fo, president of the Legislative Yuan and described as a "leading pro-Soviet statesman" in Chungking, advocated close collaboration between Chungking and the Axis Powers at a recent meeting of the Supreme National Defense Council. He was said to have demanded that instructions be sent to the Chinese ambassadors to Germany and Italy, ordering them to open negotiations with leaders of those governments to improve relations between them and Chungking. Mr. Sun was also alleged to have advocated closer ties with the Soviet Union. Gen. Chiang Kai-shek and Foreign Minister Wang Chung-hui, according to *Domei*, however, have refused to be pushed into the Axis camp in view of Chungking's existing relations with Britain and America.

Japan's "China Boy"

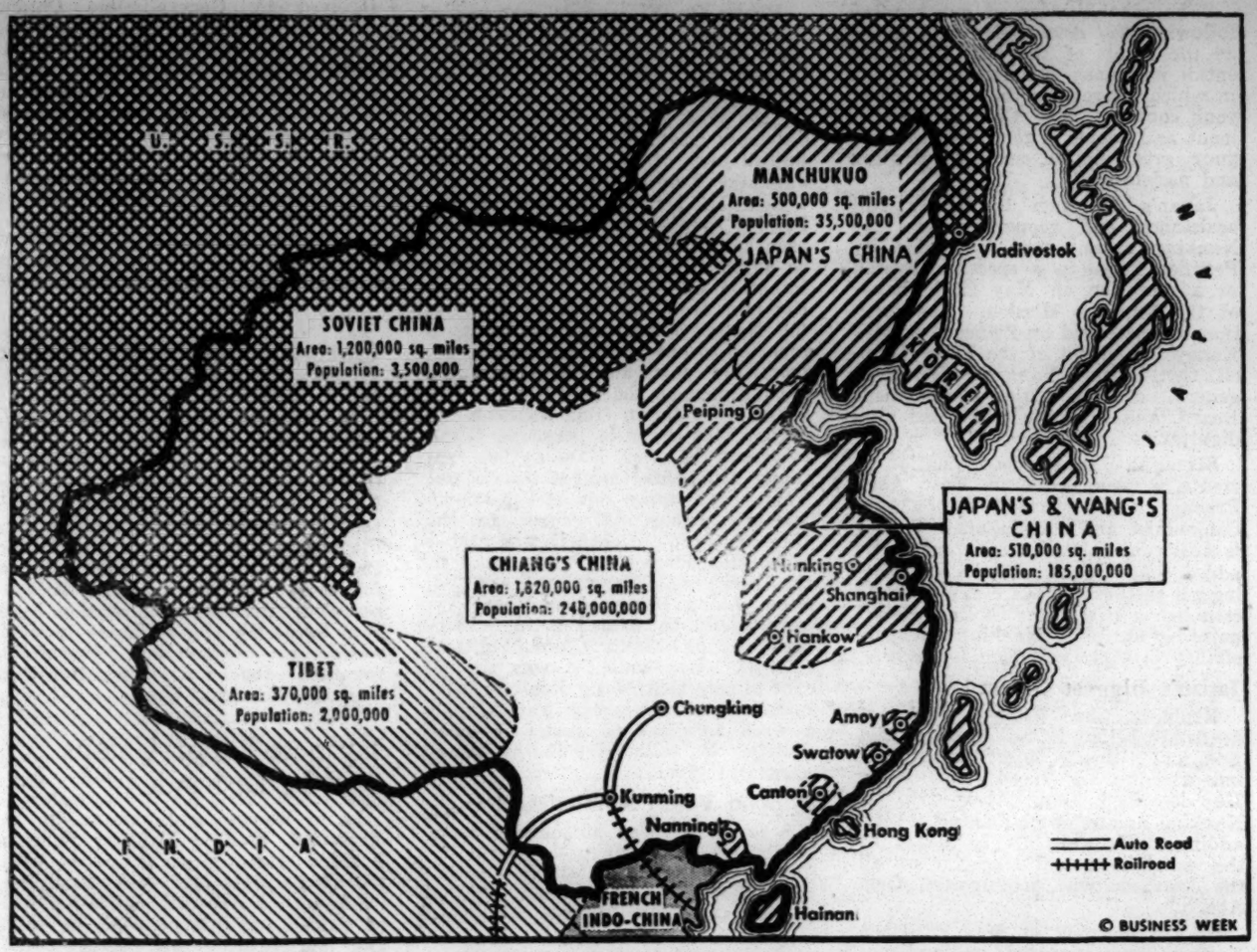
Duffy in the Baltimore Sun

Abe's New Aide

To strengthen his staff in the negotiations with Wang Ching-wei. Gen. Abe has acquired a new aide in the person of Kazuo Aoki (former Japanese finance minister), who will be his economic and financial advisor. Arriving in Shanghai last week-end, Mr. Aoki promptly denied the report current in Shanghai that he had brought with him any concrete plans for a readjustment of China's finances. He explained that he would serve strictly in an advisory capacity.

In spite of the Japanese denial of current peace rumors, Japan's anxiety to liquidate her China adventure is being manifested in both official statements and press comments. While

Whose China ?



This map, reproduced from a well-known American business magazine, is the first attempt to show how China has been "staked off" from the standpoint of geography and population. First, there is Manchukuo which the Japanese Army seized in 1931. It contains 500,000 square miles and 35,500,000 people. Next comes the area held by Japan and her puppet Wang Ching-wei. It contains 510,000 square miles and 185,000,000 people. Next is northwest China where Soviet influence is predominant. It contains 1,200,000 square miles and 3,500,000 people. Tibet, which has wavered between Chinese and British-Indian control, has 370,000 square miles of territory and 2,000,000 people. This leaves Free China (1,820,000 square miles of territory and 240,000,000 people), the white section on the map, which is presided over by China's leader, Gen. Chiang Kai-shek, and is recognized by the United States, Great Britain and practically all other nations of the world except Japan. Although Germany has no ambassador in Chungking, the Nazi Government still maintains diplomatic contact with the National Government. Italy, which has a military and economic alliance with Japan, has not had diplomatic relations with Chungking since the outbreak of the Sino-Japanese struggle in 1937. The Italian Ambassador Marquis Francesco Maria Taliani de Marchio, has remained in Shanghai.

Premier Yonai in a speech at a recent meeting of the Spiritual Mobilization Movement Committee appealed to the nation for closer cooperation with the Government "in building up national defense in order to conduct a 'total' war for the disposal of the China Incident, especially in view of the complex international situation," voices are multiplying in the press for a quick settlement of the China war "to free Japan's hands for world-wide events to come."

The *Asahi Shimbun* warned that Japan must speedily clear up the China Incident and assume a definite stand regarding the present European war. The paper stressed that unless Japan moves swiftly to liquidate the incident and take a definite stand, she will be left looking on "like a child sucking its thumbs" with no voice in the final settlement of world affairs. The *Asah* termed the China Incident "the chain on Japan's feet."

Complete Peace Sought

The *Kokumin Shimbun* likewise urged an early and complete end to the China Incident to permit Japan to take a "more positive policy toward the European War." The newspaper pointed out that despite the establishment of the Nanking regime, its real strength remains to be tested. It urged the government to end the China Incident, not through "surface formalities and government statements about the new government in Nanking, while Chungking continues resistance, not with a partial peace, but with complete peace."

After a one-week visit in Tokyo during which they proffered profuse thanks to Japanese government leaders for their friendship and support, members of the Nanking Mission to Tokyo, with the exception of Chu Min-yi, left Japan for China last Sunday. Headed by Chen Kung-po as special envoy and Chu Min-yi deputy special envoy, the Mission arrived in Tokyo on May 21. Their first duty after arrival was to pay respects to the Imperial Palaces and the Meiji and Yasukuni Shrines. Later they were received by Premier Yonai and Foreign Minister Hachiro Arita.

Describing its mission as merely returning thanks to the Japanese Government, Y. Suma, Foreign Office spokesman, said that the Nanking delegation would not conduct political discussions with Japanese officials, although talks leading to closer Sino-Japanese relations were planned for the near future.

Immediately after his arrival in Tokyo, Chen Kung-po issued a statement to the press in which after expressing appreciation for the honor of the presence of His Imperial Japanese's Envoy Extraordinary, Gen. Nobuyuki Abe, in Nanking, he said in part:

Asks Nippon Aid

"The rehabilitation of our country following the devastation and havoc as the result of the hostilities, will entail enormous reconstructive work in which we require the assistance of your country. The Chinese Government and people eagerly expect from your great nation such cooperation and assistance."

Japan's intention to render full assistance and cooperation to the Nanking regime was reiterated by Premier Yonai in a speech delivered at a reception on May 22 in honor of the Nanking Mission. The function was attended by Prince Ayamaro Konoye, president of the Privy Council; Gen. Heisuke Yanagawa, director-general of the Asia Development Board, and many military and civil dignitaries.

Stressing Japan's determination to create a new order in East Asia, Premier Yonai warned that a pro-Communist and anti-Japanese regime is still continuing its resistance. He added that "Japan will, by overcoming all obstacles, make every effort to establish a new order in East Asia," pointing out that Nanking's responsibility in this connection is heavy.

Japan's Biggest Object !

Replying, Chen Kung-po said that he firmly believed that Japan's "biggest and ultimate object" lies in the independence and freedom of China. He described Gen. Abe's trip to Nanking as an "epoch-making event," adding; "We were deeply moved by the enthusiasm and sincerity of all the Japanese who accompanied Gen. Abe."

On the morning of May 23, Chen Kung-po was granted an audience by the Japanese Emperor Hirohito in the Imperial Palace. According to the *Central Press Service* (Wang Ching-wei organ in Shanghai), Mr. Chen expressed his high respect for and gratitude to the Japanese Emperor for the courteous reception accorded him. After the audience, Chen visited Prince Konoye, with whom he talked for more than one hour.

The hobnobbing between the members of the Nanking Mission and Japanese officials continued for several days and was rounded up with a big farewell banquet given by the Nankingites to more than 170 leading Japanese officials in the night of May 25.

On May 26, the Nanking delegation departed from Tokyo for China. In a statement issued on the day of his departure, Chen Kung-po said: "The destiny of the nations of East Asia can be solved only by the nations themselves, and Sino-Japanese cooperation can be the only bulwark for stability in this part of the globe." He emphasized the necessity of Japan and China working together to fight Communism and to perfect economic cooperation. The delegation was scheduled to visit Hakone, Kyoto and Osaka briefly before sailing from Kobe for China on June 2. Chu Min-yi, the vice-leader of the Chinese group, however, will return to Tokyo from Kobe to attend the East Asia Athletic Meet to be held for five days beginning June 5.

Pu Yi for Japan

Henry Pu Yi, puppet emperor of Manchukuo, is scheduled to pay a state visit to Japan in the latter part of June, travelling aboard a Japanese battleship. The purpose of the trip is to offer congratulations to the Japanese Government on the 2,600th anniversary of the founding of the Japanese Empire.

Relations between the Nanking and Peiping puppets, which have never been smooth from the start, seem to be again strained, with the reported intention of Nanking to oust Wang Keh-min from his post as chief of the North China regime. Wang is reported to have been asked to resign from his post and to accept the appointment as the first Chinese ambassador to Japan from the Nanking regime. In order to persuade Wang to accept the offer, Nanking has sent Liang Hung-chih (head of the Control Yuan) to Peiping. It is not known whether Wang will agree to the Nanking proposal, but it was stated in political circles in Peiping that in the event of Wang being ousted, either Liang Hung-chi or Wang Yi-tang would be named acting chairman of the North China Political Council. Meanwhile, it was significant to note that Wang Keh-min, who intended to make a trip to Japan a week ago, has postponed it indefinitely. No reason for the postponement was given.

Nippon Youth Admonished

Severe words of admonition were administered to Japanese youths in Shanghai by Genshichi Oikawa, assistant director of the Central China Liaison Office of the Asia Development Board, last week, when he condemned their lack of discipline and appreciation of Japan's campaign in China by indulging in intoxication and merrymaking. Expressing great regret that many Japanese young men are found drunk and singing on the streets late at night, Mr. Oikawa said that "it is a shame that they show such a lack of self-discipline, especially at a time when Japanese officers and men are working so hard in the cause of the state." He urged the Japanese young men to behave better so that they will be qualified to "guide Chinese youths."

One of the most sensational rumors circulated by Japanese sources last week was that Gen. Mao Tse-tung, leader of the Chinese Communist Party, had died in northern Shensi on May 4 allegedly of pulmonary tuberculosis. The rumor, however, was promptly denied by Chinese sources.

Madame Sun's Impressions

Madame Sun Yat-sen, who returned to Hongkong from Chungking recently, issued a statement on May 22 giving her impressions of the wartime capital. She said that considerable progress has been achieved in developing productive resources in the interior, while many political reforms have been carried out by the central authorities. She also observed that the spirit of national solidarity permeates the masses of the population.

Dr. Lin Yutang, noted Chinese author, arrived in Chungking from Hongkong by air on May 23, accompanied by his family. Dr. Lin was received by Generalissimo Chiang Kai-shek with whom he discussed the current military and political situations in China and abroad. In a press interview on May 26, Dr. Lin said that Gen. Chiang's "unusual calmness during this gigantic struggle gives one such a surprise that the only conclusion you can draw is that he is assured of the future steps he will take toward a final victory." Dr. Lin left Chungking for a northern hot springs where he will reside for a few months before starting to visit the war fronts.

German Copyright Broker In Trouble in Tokyo

Dr. Wilhelm Plage, German copyright broker, is in trouble in Tokyo as a result of alleged violations of the Japanese Copyright Brokerage Law, *Domei* reported May 26. Police reports of an examination of Dr. Plage have been sent to the Public Procurator's office and this may be followed by judicial action, it was revealed. Dr. Plage is alleged to have been harassing the Japanese musical world by demanding exorbitant royalties for the production of western operas and music.

Japanese Labor Unions Will be Disbanded

Labor unions in Japan are to be disbanded, Welfare Minister Shigeru Yoshida stated in an interview with the Tokyo press last week, according to *Havas*. No special legislation will be passed for this purpose, he said, and the project will be executed administratively. Existing labor regulations had to be revised, he added, because they were originally drafted on the basis of recognition of the right to strike and on the admissibility of strife between capital and labor.

Ex-Kuomintang Committee Member Victim of Shooting

Loh Ying-tso, former dean of the Ming Lih Girls' Middle School, was shot and wounded in the chest on May 22 while walking along Rue Massenet in the French Concession. Although seriously wounded he was expected to recover. Four Chinese were said to have participated in the attempt on his life, for which a political motive was seen in view of the fact that Mr. Loh was a member of the Shanghai Committee of the Kuomintang prior to the Sino-Japanese hostilities.

Gen. Honjo Touring War Fronts in China

General Shigeru Honjo, president of the Soldiers' Aid Society of Japan, arrived in Nanking from Hsuchow by airplane on May 28 in the course of a tour of the war fronts in north and central China. He had previously been in Peiping, where he arrived from Japan on May 18. It was General Honjo who, in his capacity as commander-in-chief of the Kwantung Army, seized Mukden on Sept. 18, 1931, as the prelude to the Japanese grab of all Manchuria.

Development of Fukien Province

BY DR. HENRY H. P. CHIU

DESPITE the ever present danger of a major Japanese invasion, Fukien has become a vital cog in China's resistance program. Testifying to its potential power of resistance, Fukien is the only province on the China coast where the Japanese military machine has been effectively blocked in spite of nearly three years of hostilities. With the exception of the occupation of a few islands off the coast, notably Quemoy and Amoy, the Japanese have completely failed in their attempt to gain a foothold on the mainland of the province.

Before the war, Fukien had been regarded by the Japanese as their sphere of influence. Today Fukien is healthier and stronger than it has been in a generation. The province is not only entirely free from any baneful Japanese influence but is permeated with an intense patriotism. Instead of being weakened by the past three years of hostilities, it actually has been strengthened militarily, administratively and economically. It is generally regarded as one of the most progressive provinces in "Free China." General conditions in the province have improved. Among the people optimism prevails, coupled with an inflexible determination to resist any Japanese aggression.

Terrorism Fails

Since the start of the war, the Japanese have tried various methods to gain control of the province. When intrigue failed to produce any results, they resorted to force of arms. Shortly after the outbreak of the war, the Japanese navy instituted a stringent blockade of the coastline and since has carried out sporadic attacks on various coastal cities. When these measures proved ineffective, they supplemented them by a systematic campaign of terrorization by airbombing. Many interior cities have been bombed, resulting in considerable destruction and heavy civilian casualties.

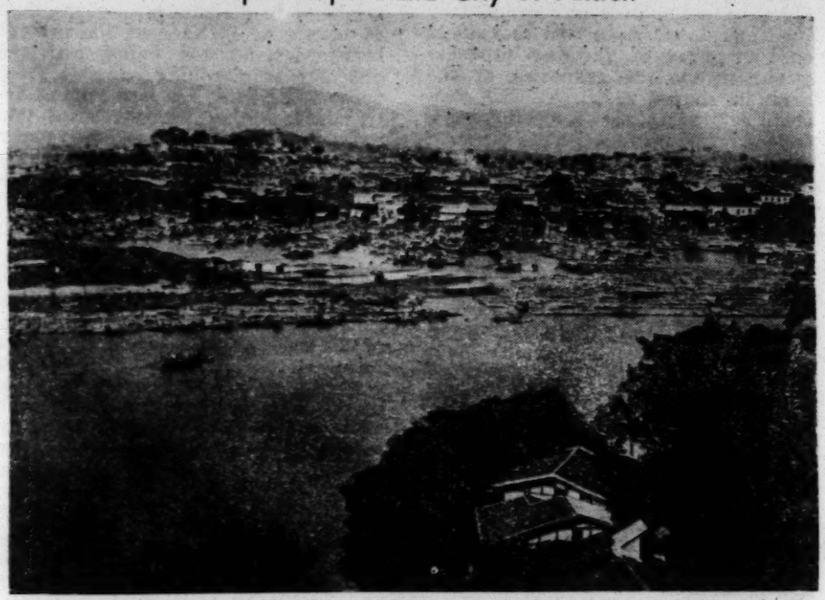
These acts of terrorism have produced the completely opposite effect desired by the Japanese. Instead of weakening the morale of the people of the province, they have greatly stiffened it. In spite of the extensive damage caused, Japanese airbombings have stimulated rather than choked the economic activities of the province, in which field the Fukien Provincial Bank has played an active role by promoting production and fostering reconstruction.

Military Preparedness

There are many factors involved in Japan's failure to make any military progress in Fukien. First of all is the spirit of the people to resist aggression and a high degree of military preparedness. The morale of the people is high. Improved administration and general economic stability have generated a new unity which has given the people hope, strength and confidence.

Another factor is the large number of trained men available. Fukien has a population conservatively estimated at 30 millions, of whom a considerable number have undergone training and who possess arms. Thanks to the enforcement of conscription, Fukien has been able not only to bear the main burden of its own defense but also to send many trained divisions to various war fronts in other parts of the country.

Principal Seaport and City of Fukien



Panoramic view of Foochow, situated on the Min River, 30 miles from its mouth. Built during the Ming Dynasty, the population of the city is estimated at 700,000.

Geography, of course, has also been of prime importance in favor of Fukien against an alien invasion. The presence of numerous shoals along most of the coastline has made major Japanese naval operations virtually impossible. The Japanese will have to be prepared for heavy sacrifices if a landing is attempted at any point on the coast. Even if a landing can be effected, it can hardly be sustained because the terrain is so much against the invader.

Long ranges of mountains crowding the sea likewise form a strong defense. Some of them are of such altitude that Japanese motorized columns will be useless. Further, there are many intricate valleys and passes which, while easily defensible, can offer the enemy insurmountable obstacles. In addition to its natural advantages, Fukien is one of the best fortified provinces in China.

Steady Economic Progress

There are other factors which have tended to strengthen the position of Fukien in face of the threat of an invasion. One of the most significant is undoubtedly the steady economic development which has been fostered by the provincial authorities. Credit for this is attributable to many branches of the Provincial Government, notably the Reconstruction and Finance Departments and the various government-operated industrial and trade organizations. Working in close cooperation with these organizations, the Fukien Provincial Bank has also taken an active part in this task of building up a new and sound economic base for the prosecution of the war. As an illustration of one phase of the economic progress made by the province, it may be of interest to describe briefly the activities undertaken by the bank since the start of the war.

Established at a time when the fortunes of the province were at lowest ebb following the liquidation of the Fukien independence movement of 1933-34, the bank came into existence with the dual purpose of reviving economic activity and developing natural resources. As a result of careful planning and sound operation during the past few years, it has gradually expanded its organization and scope of activities. At present, a virtual currency net covers the entire province, with branches of the bank in operation in nearly all important cities of the province.

Fukien Bank's Activity

In view of the importance of adapting the economic program of the province to wartime needs, the bank since the start of the war has devoted itself mainly to such activities as conservation of wartime finance and resources, promotion of local industrial enterprises, assisting in the development of rural economy and communications, and the expansion of social enterprises generally.

One of the primary objectives of the bank is to foster agricultural production. Cooperating with the Industrial Cooperatives, of which there are now more than 5,000 in Fukien, the bank in 1939 granted cooperative loans to farmers to the total amount of nearly $2,000,000, which enabled them to secure an ample supply of seeds, fertilizers and farming utensils.

In addition, a loan of more than

$400,000 was made to the district governments of five large rice-producing districts including Kienou, Kienyang, Shaowu and others to assist them in land reclamation work. Other sums of varying sizes were advanced to other districts for the purpose of readjusting rural finance in order to enhance production. Since the beginning of this year, particular attention has been paid to land reclamation with a view to expanding the area of arable land and making extensive and intensive cultivation possible.

Loans to Farmers

During the past year, loans amounting to $500,000 were also granted by the bank to farmers and merchants on mortgages of farming products stored in various granaries of the bank in sixteen districts. The commodities accepted for mortgage included rice, grains, beans, peanuts, dry bamboo shoots, tobacco, ramie, herbs, tea, tung oil, paper, sugar, cotton yarn and other daily necessities. Further, the bank advanced a total sum of $270,000 on mortgages of commodities stored in cooperative granaries through district governments in twenty-six districts.

Fukien has been famed for its red tea, which occupies the premier place in its export trade. The export of tea at present is of special importance, because it helps to obtain foreign exchange and thereby strengthen the basis of the national currency. In order to promote production and encourage exports, the bank has done everything possible to assist tea cultivators and exporters.

Working in cooperation with the Provincial Tea Control Bureau since 1938, the bank has financed tea-growers and dealers to the amount of some $1,600,000. In 1939, a loan of $2,100,000 was made to the Bureau and another of $2,000,000 to the Fukien Office of the Foreign Trade Commission for the purpose of buying tea crops and aiding tea merchants. In addition, a further sum of $300,000 was advanced to the Fukien Trading Company to enable it to cooperate with the China Tea Company to establish a model tea manufactory.

During the past two years, the province has made appreciable progress in economic reconstruction. Provincial enterprises have been developed and expanded, while construction work in the interior has been pushed. In line with its main policy of promoting production, the bank has aided materially the various governmental enterprises such as the Provincial Trading Company, the Provincial Transportation Company and the Provincial Manufactory. In 1939, loans advanced by the bank to these organizations amounted to $2,500,000. To finance road construction, the bank has spent more than $1,300,000 and in 1939 a loan of $200,000 was made to the Provincial Highway Construction Bureau. For the purpose of purchasing various instruments of communication such as trucks, parts and accessories and motor fuels, the bank in 1939 advanced more than $1,000,000 to the Provincial Reconstruction Department, the Provincial Transportation Company and the Fukien Branch of the National Economic Reconstruction Association.

Another noteworthy enterprise undertaken by the bank is the building of new model villages in the interior to accomodate refugees from the coastal cities. In Yungan, the bank built two new villages in 1939 and advanced a sum of more than $100,000 to the Chungnan Travel Service for the construction of new houses in three other cities.

Fukien has no large-scale modern industries, but has been noted, besides tea, for its paper, porcelain and handicraft industries. In northwestern Fukien, which is mountainous and full of bamboo groves, paper is produced in abundance in more than 40 districts. In view of the present heavy demand for paper and the difficulty of obtaining supplies from abroad, the bank has been giving active help in the development of this industry. In order to enhance paper production and improve the methods of manufacture, a loan of some $600,000 was advanced last year to paper producers and various organizations interested in this business.

The Porcelain Industry

The porcelain industry is still on a small scale. Of the four porcelain-producing districts, Tehhua in eastern Fukien is the best known for its fine porcelain ware. In Tehhua, the Provincial Reconstruction Department has established a Porcelain Industry Promotion Bureau charged with the duty of improving manufacture. Last year the bank loaned to the Bureau $150,000 to finance its work. At present there are about 400 households engaged in porcelain work, to whom a loan of some $40,000 has been granted. Meanwhile, a Porcelain Cooperative Society has been organized to assist in the promotion of this industry.

Formerly cotton-spinning and weaving was a thriving provincial handicraft industry, which, during the past few decades, however, has suffered greatly because of the competition of imported piece goods. With the decrease of such imports since the start of the war, a great opportunity has been afforded for a revival of this industry. In this connection, the Provincial Reconstruction Department last year obtained from the bank a loan of $350,000 for the purpose of purchasing cotton in Shanghai. With a large stock of cotton on hand and the expected forthcoming crop, it is hoped that the populace of the province will be self-sufficient in clothing supply for some time.

Loans to Factories

In pursuance of its policy of assisting in industrial development and trade promotion, the bank has expanded its service by extending credit loans to factory operators and merchants generally. Mortgages of commodities or valid negotiable instruments have been freely accepted by the bank. Up to the end of 1939, loans on mortgages amounted to $8,500,000.

Meanwhile, assistance to small-capital businessmen is by no means neglected. In order to provide them with funds to carry on their business, the bank in the autumn of last year instituted a small credit loan system which has proved to be popular and helpful.

Prior to the outbreak of the current war, one of the province's principal sources of revenue was the remittances by overseas Chinese merchants who are scattered all over the South Seas Islands. These remittances amounted annually to tens of millions. This vast sum not only helped to maintain the livelihood of hundreds of thousands of people in the province but also served to check the annual unfavorable foreign trade balance resulting from excessive imports. In time of war, these remittances are particularly valuable because they help to increase the foreign exchange fund of the country and thereby strengthen the national currency reserve.

Overseas Remittances

The Fukien Provincial Bank has spared no effort to aid overseas Chinese to remit their money home. Amoy was the center of overseas remittances before the war. After its fall they were almost suspended. This not only affected the provincial finances but also created serious difficulties for the relatives of the overseas Chinese in the province.

To enable overseas Chinese to resume their remittances and to augment the country's financial resources, the bank has opened a special office in Hongkong to attend to this business. During the first ten months of 1939, remittances sent through the bank amounted to $4,850,000. In order to establish direct contact with overseas Chinese and to offer first-hand facilities, plans have been completed by the bank to open agencies abroad in the immediate future. Meanwhile, to relieve the hardships of the relatives of overseas Chinese in the province, arrangements are being made to grant loans to them, to be refunded by remittances by their supporters from abroad.

Savings Encouraged

While the bank has devoted itself mainly to the promotion of production by financing various enterprises, it has at the same time undertaken the work of absorption and utilization of idle capital. For this purpose, it has encouraged deposits and savings. The total sum of ordinary deposits up to the end of last year amounted to more than $20,000,000.

As to savings deposits a Savings Department has been established at the head office of the bank in Yungan with a special appropriation as its operating capital. To cultivate the habit of thrift and encourage people to save, branches of this department have been opened throughout the province. At the end of 1939, the savings deposits totalled more than $800,000. Since the beginning of this year, plans have been made for the promotion of educational savings deposits and thrifty savings deposits.

The Fukien Provincial Bank is only one of the numerous governmental agencies in Fukien which have aided in the war of resistance. In order to strengthen its structure and to assure sound operation, the bank last year underwent a minor reorganization. In view of its activities since the beginning of the war, it bids fair to play a more active and useful role in aiding the wartime finances of the province in the future.

Chinese Press Reactions to the War Conflagration in Europe

WHEN the shock of Germany's May 10 *blitzkrieg* had passed, China discovered two important facts about herself in relation to the rest of the world; that she is a stabilizing political factor of great potentiality and that her continued resistance to Japan is a definite asset to the Allies.

For three years China has checked with her weaker military machine, an up-to-date invading army estimated at 1,000,000 men; in little more than three days she saw Holland and half of Belgium with their small but well equipped forces, flattened by the Nazi steamroller, and their two great allies hard pressed to defend themselves. China's self-respect became full-blown overnight.

If China Joined In

As a stabilizing factor in world politics China reflected that with the Allies as well as Germany completely occupied in Europe, it would need only open adherence of China on either side of the conflict, to involve pro-German Russia on the one hand or pro-Alley America on the other.

As a definite asset to the Allies she has spoken through her press to England and pointed out that so long as the Sino-Japanese war continues there will be no Japanese participation in the war against the Allies. In return for this negative aid China demanded a clarification of future British policy towards her.

It was the Chungking *Ta Kung Pao* which put the question on May 14. "China wants to know whether Britain treats China as a friend and Japan as an enemy or vice versa," the leading editorial of this paper asked in sounding out the new British Prime Minister, Mr. Winston Churchill.

British Appeasement

"We want to be extremely frank," declared the journal. "During recent months there has been anxiety about the possibility of Britain's compromising with Japan. We disagree, not because we believe Mr. Chamberlain did not want to compromise with Japan but because the question did not rest with Britain alone." The paper laid the failure of the compromise to two reasons: lack of interest on Japan's part for a treaty with Britain and opposition of the United States to such a surrender.

Emphasizing the pro-British sentiment in China during the past 10 years, the leader continued: "There is no use in making a further compromise with enemies. There must be effective assistance to friends. We know what this war means to Britain. At such a critical moment we understand that Britain cannot afford to be involved in further difficulties with Japan. We understand all that, but attitude is one thing, policy another." And as a final dart: "Britain is spending six millions sterling daily on the war. If Britain put aside funds for three days to help China, the effectiveness of such help cannot be over-estimated. If Britain is prepared to carry on the war for three years, what are three days to the total war budget, if such funds would contribute greatly to the stabilization of the Far Eastern situation?"

The general tone of the Chinese press has remained decidedly favorable to the Allied cause despite differences which exist between China and Britain. One reason for this is the Chinese respect for American opinion. The *National Herald* on May 23 thought that "....the United States is paying more attention to the Far East than to Europe..... therefore it can be safely concluded that so long as the United States and Soviet Russia remain neutral, they will continue to hold Japan in check." (Prevent her entrance into the European War.)

The *Chung Mei Jih Pao* pointed out on May 24 that, "While Germany is the aggressor in the European war, part of the responsibility for the war must be borne by Britain and France, who have failed to check international aggression ever since the Japanese invasion of Manchuria in 1931." Further on, however, the journal urged continued military resistance to Germany by the Allies but asked them to "pay greater attention to the diplomatic front with a view to forming an international anti-aggression front."

The *Shun Pao* on May 24 warned Germany against a short-sighted alliance with Japan for the purpose of harassing Allied shiping in the Far East. The Reich needs raw materials from foreign countries just as it needs foreign markets for manufactured goods, the paper stated. For this reason Germany should maintain friendly relations with China, which can fill both these needs. Japan by the same token faces the Reich with conflicting interests. The paper concluded by urging Germany to maintain friendly relations with China and to refrain from spreading the European war to the Orient.

Passage of the three billion dollar army and navy defense bills by the United States Congress last week proved of great moral significance to China. The *Chinese-American Daily News* on May 25 saw in it the firm determination of the United States to "resist aggression and uphold peace throughout the world."

"My Peace Terms"

The Washington Post

England Blacks Out Liberty With Passage of Emergency Powers Act

DEMOCRATIC liberties, found to be a hindrance to the waging of a successful war for their preservation against the tide of totalitarianism, were suspended in England last week with the passage through Parliament of the Emergency Powers Act and the Treachery Act—the former designed to regiment the nation for a "total war" effort, and the second to uproot and destroy "Fifth Column" activities and eliminate opposition to the war policies of the British Government. Passage of the two measures has been followed by widespread arrests of British fascists and other opponents of the war, with the campaign spreading to Ireland and other British dominions.

While the Treachery Act provides maximum prison sentences of seven years for "defeatists" and the death penalty for "traitors and saboteurs," the Emergency Powers Act places the lives and properties of Englishmen (including the people of Northern Ireland) under the absolute control of the British Government. It gives the Government full control of industry and commerce, including powers to dictate and regulate production, close factories and even to destroy property if considered necessary. Power is also vested in the Government to draft, divert and employ labor for defense, to regulate wages and hours of labor, to control banking and to impose a 100 per cent tax on "excess profits."

Attlee Rushes Measure

Introduced and rushed through the Commons by Major Clement Attlee, leader of the Labor Party who is Lord Privy Seal in the reorganized government, the Emergency Powers Bill passed both the Commons and the House of Lords in two and a half hours on May 22. The London *Times*, pointing out that the new law practically suspends the essence of the British constitution, declared: "Our ancient liberties are placed in pawn for victory. Nothing less than the destruction of Hitlerism will redeem them. Temporary surrender is made with a glad heart and confident spirit, because it makes every man and woman a member of the national forces."

Although it was claimed that the new measure would entail equal sacrifices for rich and poor alike, this notion was considerably modified when Sir Robert Kinderseley, a director of the Bank of England, stated that he had been authorized by Major Attlee to give an assurance that personal savings would in no way be affected by the E.P.A. In other words, the owner of a personal savings account who has a million pounds to his credit will not have that fortune touched, but the worker may have his wages reduced by government decree.

Sir Oswald Mosley Nabbed

First fruits of the new Treachery Act were raids conducted by police on the headquarters of Sir Oswald Mosley's British Union of Fascists. Sir Oswald and many of his closest lieutenants were placed under arrest, while documents said to have been found in the fascist headquarters led to searches of members' homes and further arrests and seizures. Another arrestee was Captain Archibald Ramsay, Conservative member of Parliament and founder of the United Christian Front, an organization noted for its sympathy to the Spanish Fascist leader, General Francisco Franco. The Government is expected shortly to crack down on the British Communist Party, whose one Parliamentary representative, Mr. William Gallagher, M.P. for West Fife (Scotland), raised the only voice heard in the House of Commons against the E.P.A. Whether the Government's attitude towards the Communists will be influenced by the fact that Britain is now endeavoring to negotiate a trade agreement with Soviet Russia remains to be seen.

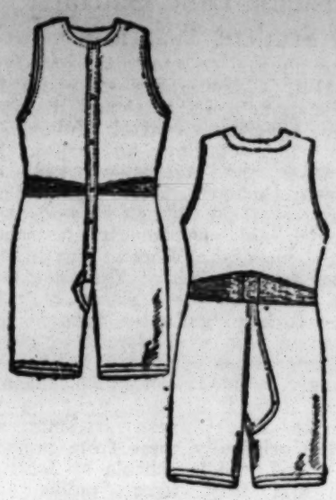
The Canadian Government, according to a *United Press* dispatch from Washington, is considering the adoption of measures similar to those embodied in Britain's E.P.A. and has already raided the headquarters of the National Unity Party. General Jan Smuts, South African Premier, told Parliament in Capetown on May 25, according to *Havas*, that his Government was determined to crush at the outset any manifestations of "Fifth Column" activities (the term "Fifth Column" was first used by General Franco during the Spanish civil war in connection with his drive on Madrid. Four of his army columns were advancing on the Spanish capital, and Gen. Franco declared that he had a "Fifth Column" inside the city). In Australia, the Federal Government is also preparing to strangle "Fifth Column" activities. A similar drive is on in Northern Ireland, where 76 members of the Irish Republican Army were arrested last week.

The day the E.P.A. was adopted by Parliament, 4,000 British coal miners at Leigh, in the Tyldesley district, went out on strike for higher wages, according to a *Transocean* report from Stockholm. Under E.P.A. all strikes have been in effect declared illegal and suppression of any further strikes in anticipated.

In France, where democratic liberties were blacked out long ago, police last week-end raided 2,000 hotels and cafes and made over 500 arrests. Of

"Our World"

The Washington Post



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those apprehended, 334 were foreigners and they were immediately interned, according to an announcement by the Ministry of Interior. The Rome newspaper *Gazetta del Popolo* reported from Paris on May 24 that five workers had been sentenced to death by court martial and executed for deserting their jobs at Dieppe as the German army approached.

Tighter Control of Aliens Sought in U.S.

Preparing the United States for possible entry into the European War, President Roosevelt asked congress on May 22 (the day Britain passed the Emergency Powers Act) to opprove the transfer of the immigration and naturalization service from the Department of Labor to the Department of Justice. This step, the President said, would enable the Administration to deal quickly with aliens whose conduct "conflicts with public interest."

Three days later, the Senate Judiciary Sub-Committee unanimously approved a bill requiring the registration and finger-printing of all aliens in the United States and the outlawing of "Fifth Column" activities in the Army and Navy. Attorney-General Robert Jackson stated that registration of aliens would enable the Federal Bureau of Investigation to maintain a close watch on subversive activities. Earlier it was announced that the Department of Justice had added 100 men to its staff of 150 G-Men who were already investigating "Fifth Column" activities in the United States.

Tientsin Italian Consul Involved in Incident

Signor Brigidi, Italian Consul in Tientsin, was involved in an incident at the Japanese barrier line on May 25, according to a *Havas* report. A Japanese sentry was understood to have slapped the Chinese chauffeur of an Italian consular car, who was clad in an Italian police uniform, because he was tardy in stopping for examination. The chauffeur in return slapped the sentry and was immediately arrested by the Japanese military. Signor Brigidi, driving another car, alighted and followed the arrested man and his captors into the examination hut, where he remained for several hours trying to negotiate the release of the chauffeur—with what success the report did not state.

Barlow's New Bomb Fails to Harm Goats

Congressional and military spectators assembled May 25 on the U.S. Army proving grounds at Aberdeen, Maryland to watch Mr. Lester P. Barlow detonate a 1,000-pound liquid oxygen bomb—the "most powerful explosive in the world"—to illustrate the strength of his invention, according to a *United Press* report.

Tethered at various distances from each other over a 1,000-foot radius from the bomb were 84 goats, by whose sudden death Mr. Barlow hoped to show how deadly his invention was. When the smoke of the explosion cleared away, the 84 goats, startled but uninjured, were still at their tethering lines. Said Mr. Barlow: "I was the goat!"

Britons in Shanghai Mark Empire Day

With the fate of England and the British Empire hanging in the balance as a result of Germany's *blitzkrieg* in western Europe, British subjects in Shanghai celebrated Empire Day with more than the accustomed fervor on May 24. A flag-raising ceremony was held in the grounds of the British Consulate-General, where more than 750 Boy Scouts and Girl Guides paraded before Consul-General A. H. George. Speaking to the assembly on the significance of Empire Day, Mr. George said: "Many a time in history the British have had their backs against the wall, and things have looked exceedingly black for them, but it is just at such times that they have shown the spirit of quiet, dogged perseverance and tenacity that has brought them out on top in the long run." A special Empire Day service was held in Holy Trinity Cathedral on May 26, which had been decreed by King George as a day of national prayer on behalf of the nation, the Empire, their Allies and their cause.

Ex-Kaiser Wilhelm Now Reported in Potsdam

The former Kaiser Wilhelm of Germany is at present in Potsdam, his pre-1918 home, having evacuated Doorn because of the Nazi invasion of The Netherlands, according to a *Havas* report from Madrid on May 23. German authorities are treating the former monarch with "all due respect," the report stated.

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Heavy Casualties in Chungking Air Raids

CHUNGKING, China's wartime capital in Szechwan Province, was subjected to intensive and protracted Japanese air-raids on May 26, 27, 28 and 29, with considerable loss of life and destruction of property. They were the first large-scale bombing attacks on the city this year. In the first raid, last Sunday, 71 Japanese planes succeeded in killing 200 Chinese civilians and demolishing numerous buildings, *United Press* reported. The following day, the same agency reported, more than 100 Japanese bombers took a toll of 500 killed and wounded.

According to the Japanese *Domei* agency, Sunday's attack wreaked havoc on airfields and military establishments on the outskirts of the city, destroying, among other things, six grounded Chinese planes on the Paishiyi and Hsiaolungkwan airfields. But *United Press* stated that the main attack was concentrated on Hwalungchiao, center of the Chungking evacuation area seven miles west of that city.

In this raid, according to the same source, the Futan Middle School, formerly of Shanghai, was demolished by bombs, but the students were either out of town on vacation or sheltering in dugouts, with the result that there were no casualties among them, although two guards were hit by bomb splinters. The walls of a new school building collapsed. Offices of the *Central Daily News*, the printshop of the *Kuo Min Kuo Pao* and the courtyard of the *Hsin Shu Pao* suffered direct bomb hits and it was in this area that the heaviest casualties occurred.

Monday's raid, *United Press* reported, kept Chungking's populace in air-raid dugouts for a period of five hours, from 9.30 a.m. to 3.10 p.m. Nevertheless there were 500 casualties. The Japanese raiders were subjected to heavy anti-aircraft fire and Chinese fighter planes rose to give them combat. It was claimed that two of the Japanese bombers were shot down.

On May 28, for the third day in succession, Japanese planes raided Chungking. An air armada of 108 machines dropped about 500 bombs on the most densely populated section, leaving it a smoking ruin. The toll of civilian casualties was estimated at 1,000 dead and wounded. Some 700 houses were demolished and another 1,000 damaged. The Soviet and French embassies were slightly damaged in the raid as bombs fell perilously close to their premises.

A fourth raid, in which 72 machines participated, took place on May 29. No casualty estimates have as yet been made, but among the properties destroyed was the Chungking University, most of whose main buildings were reduced to wreckage along with valuable scientific equipment.

The Japanese naval spokesman in Hankow, according to *Reuter*, told pressmen on May 29 that the Japanese intend to bomb Chungking every day "until the spirit of resistance of the Chinese is broken."

Japanese Laud Gallantry Of Student Warriors

An unusual tribute to the gallantry of their Chinese foes was paid by the Japanese in a *Domei* dispatch from Kingshan, central Hupeh, on May 25, detailing an action by Japanese forces against a brigade of Chinese students. This brigade, consisting of 4,000 Chinese students, the dispatch said, was strongly entrenched on the top of a 550-meter hill in the sector to the south of Tsaoyang and was routed on the night of May 20 after it had "gallantly opposed the Japanese who were forced to bring artillery pieces into play before the strongly fortified position was taken."

The *Domei* dispatch went on to describe the Chinese students as having originally come from universities and middle schools at Ichang, and said they were "unlike the regular Chungking troops in that they fought with extreme valor and were well-disciplined." Three hundred and fifty of them were killed, 30 taken prisoner, the Japanese report said.

Japanese and Chinese reports on the fighting in Hupeh continued to be featured by conflicting claims. Deriding Chungking claims of important victories in the Fifth War Zone, especially in the regions of Tsaoyang and Sinyang, the Japanese claim to have "wiped out" 39 Chinese divisions, representing almost the whole of Gen. Chiang Kai-shek's armies in the Zone, as a result of a "smashing Japanese offensive in northeastern Hupeh and southern Honan." Despite this Japanese boast, however, the Japanese have admitted that fighting is still going on with (presumably) the "smashed" Chinese divisions continuing operations.

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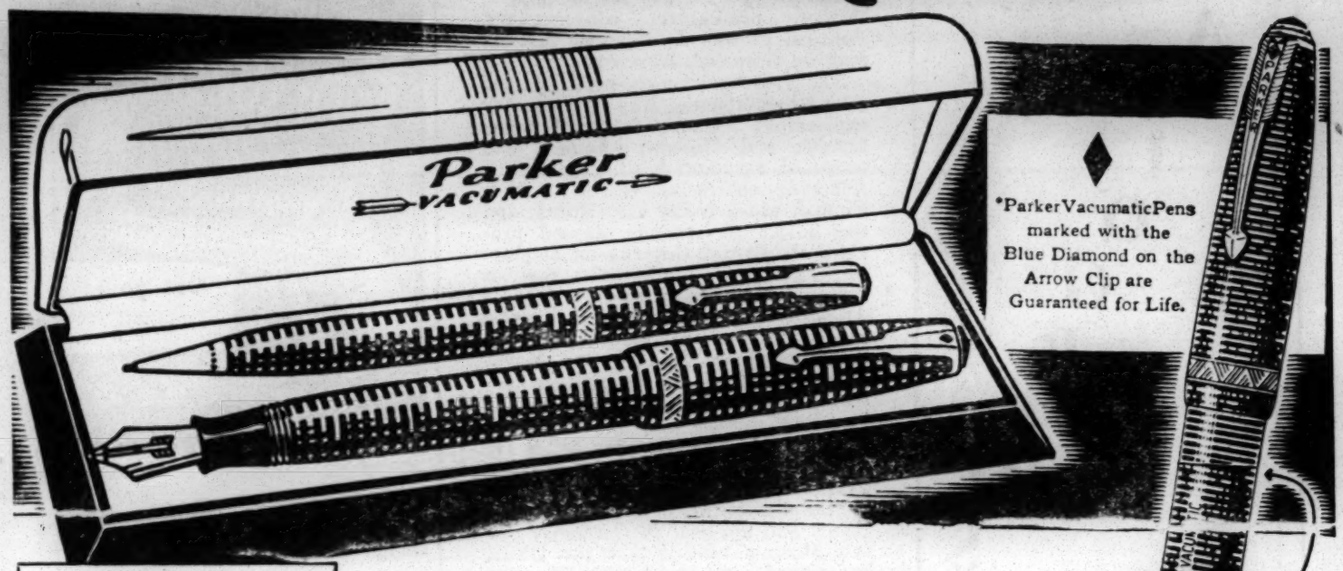

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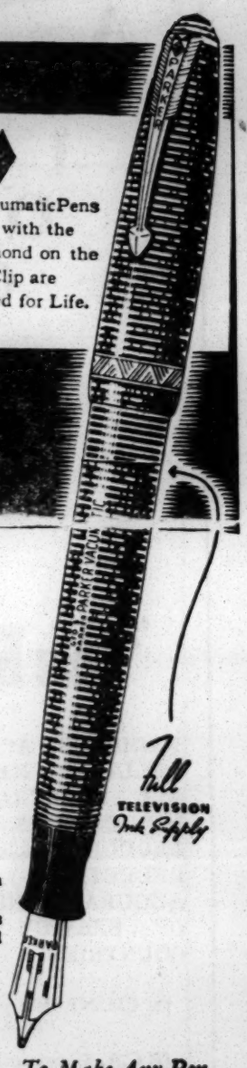

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British Trade Group May Go to Moscow

SERIOUS consideration is being given in London to the question of sending a British trade mission to Moscow, *Havas* reported on May 25. Sir Stafford Cripps, British leftist leader, was mentioned as an advance emissary to Moscow who would prepare the way for the mission through preliminary conversations. Political as well as economic matters may be discussed, *Havas* said.

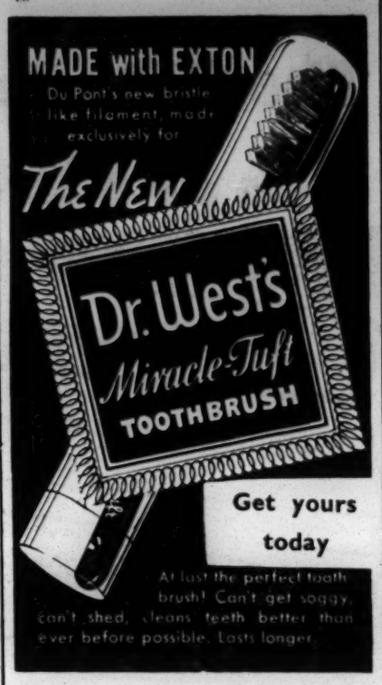
The Soviet news agency *Tass* issued a lengthy statement May 21 regarding exploratory trade talks between London and Moscow. London had proposed resumption of negotiations following conclusion of the Soviet-Finnish peace treaty last March, and the Soviet Government agreed provided the British Government displayed "genuine readiness" for a favorable solution of the problem of Anglo-Soviet trade and, as a prior condition to any talks, released the Soviet steamers Selanga and Mayakovsky detained by the British contraband control authorities in the Far East.

Then, said *Tass*, London asked for concrete Soviet proposals and a guarantee that British goods imported by the Soviet would be used in the USSR and not sent to Germany. To this Moscow replied that the USSR has a trade agreement with Germany and will not make this agreement a subject for negotiation with a third party. Britain repeated her representations with regard to Soviet-German trade, and on May 20 Moscow replied stating it was not prepared to subordinate its trade policy to the war aims of any foreign state and would continue to trade both with belligerents and neutrals according to the principles of equality and reciprocity.

British interference with Soviet shipping in the Far East was mentioned in a *United Press* report from Cebu, in the Philippines, on May 22. The report stated that the Soviet freighter Tibilissa, which had been tied up in Cebu for three weeks because of the British blockade, had abandoned any attempt to reach the Soviet port of Vladivostok with its cargo of 1,100 tons of copra. Moscow was understood to have ordered the master of the ship to sell the copra at a sacrifice and stevedores proceeded to unload it.

450 Reported Killed in Earthquake in Peru

Four hundred and fifty persons are known to have died and 5,000 to have sustained injury in a severe earthquake which rocked the entire coast of Peru shortly after noon on May 25. Two-thirds of Callao, on the outskirts of the capital, was left in ruins. Two Japanese subjects lost their lives in the quake, and 12 others were injured, according to reports received in Tokyo. The Japan-Peruvian Society, of which Baron Okura is president, telegraphed the Peruvian Government to express sympathy with the quake sufferers, according to a *Domei* report from Tokyo.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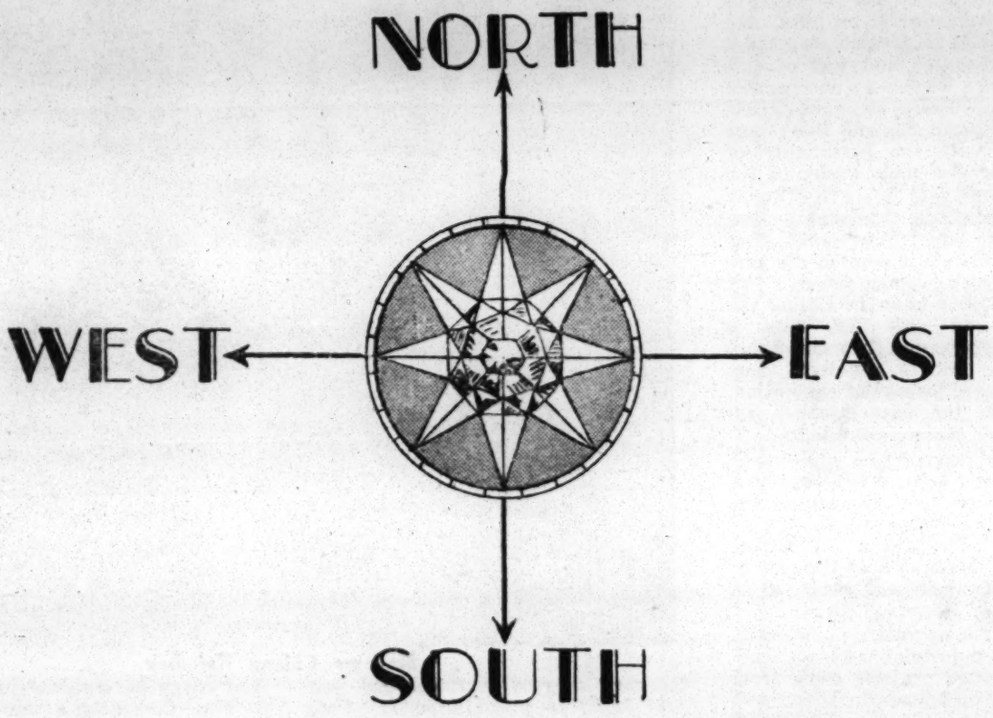

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Women's Part in China's War Work

TWO years ago a conference of prominent Chinese women met at Kuling to devise a plan for coordinating feminine effort in China's war of resistance. From that meeting came the Women's Advisory Committee of the New Life Movement which recently published the first report on its far-flung activities.

Written for popular understanding and fully illustrated with photographs of the organization's projects, the 20-page booklet impresses its reader with the coherence and will of this effort to make women an inseparable part of the Chinese struggle. Like the great work it depicts, the report is stamped with the personality of Mme. Chiang Kai-shek, leader of the nation's women.

The Committee, through these pages, is the first to recognize that it has done little but scratch the surface of China's woman-power. "Of the 230,000,000 woman in China, the Committee can still list only a fractional portion on its membership rolls; it has yet to penetrate deep into the peasant masses of the nation, and organize the vast strength reposing there" the report admits.

National reconstruction and works of mercy are the two self-appointed tasks the Committee has set as the goal for the organizations it coordinates. Committee branches throughout free China keep the patriotic effort of their adherents at a maximum.

Funds for the operation of hospital, educational, industrial and agricultural cooperative projects come from contributions of friends in China and abroad. To date more than $5,000,000 in cash has been received.

The Committee has established a training department where specially-selected young women are given thorough courses in social and political work in preparation for their role as agents among China's population. Graduates of these courses are sent out mostly to rural areas where they organize community sanitation, teach care of the sick and wounded, and carry on political propaganda.

The Committee's national reconstruction work is done through several newly-established agricultural experimental stations and by education of peasant and factory women in agricultural-industrial cooperatives.

Leads War Work of China's Women

Madame Chiang Kai-shek

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Nippon Trade Mission Now Busy in Rome

During 10 days of widely publicized entertainment since its arrival in Italy May 19, the Japanese trade delegation headed by Ambassador-at-large Naotake Sato has laid a groundwork for new Italo-Japanese commercial agreements which are expected to be signed in June.

Readjustment of the trade arrangements concluded July 5, 1938 between Italy, Japan and Manchukuo is the apparent aim of the mission, but the flag-waving entertainment might suggest that the mission has as its real goal the revival of the Rome-Tokyo-Berlin axis.

Formal trade discussions between the 30 mission members and Italian officials opened May 24. The first accomplishment of the two parties was the selection of a committee to draft a new agreement. It is expected that the draft will be ready some time in June. The chief provisions of the new agreement will be readjustment of the present export-import quotas between the yen-bloc countries and Italy. The agreement will also provide for the supply of manufactured Japanese goods to Ethiopia.

The visit of the Japanese mission coincides with the arrival in Japan this week of a trade delegation from another Rome-Berlin partner, Spain. It coincides, too, with Italian denials that the Anglo-Italian trade parleys now underway are progressing satisfactorily, according to a *Domei* report of May 27.

A further indication that Japan seeks closer bonds with its former axis partners in order to be in at the settlement of world affairs when the war in Europe is over, comes through the Japanese press, which is demanding with growing insistence that the China conflict be terminated quickly. If this is not accomplished, the *Asahi Shimbun* pointed out May 23, Japan will be left standing on the European sidelines "like a child sucking its thumb."

Italy's interest in closer bonds with Nippon has been amply manifested through the lavish entertainment in honor of the visiting mission. Perhaps even more significant have been "spontaneous" popular displays with which the trade delegates have been met everywhere in their Italian trip, with cheering crowds waving rising-sun flags. The trade mission was received in audience by King Victor Emmanuel on Saturday last in the Palazzo Quirinale.

Duchess of Windsor Becomes a Godmother

The Duchess of Windsor, formerly Mrs. Wallis Warfield Simpson, for whom the former King Edward sacrificed the British throne, has accepted an invitation to become Godmother to the French Strassbourg Regiment, according to a *United Press* report from Paris. A muffler personally knit by the Duke of Windsor (the ex-King Edward) was meanwhile being exhibited at the Versailles Trianon Exposition of soldiers' welfare relief work, the American agency said.

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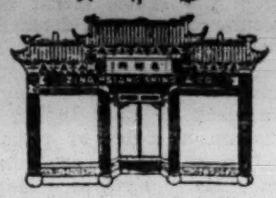

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In the United States Court for China

LEROY ALBERT LANKFORD, Plaintiff, vs. ROSALIE PANGELINAN LANKFORD, Defendant.	Cause No. 4488 Civil No. 2367 *ORDER* Filed at Shanghai, China May 29, 1940. WILLIAM T. COLLINS Clerk

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, Messrs. Rodger & Wiener, has this 29th day of May, 1940, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 29th day of May, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 29th day of May, 1940, the plaintiff herein filed an Affidavit to the effect that the defendant does not reside in China, nor has she resided during the past year, and that defendant's last known address was c/o General Delivery, Honolulu, Territory of Hawaii;

NOW, THEREFORE, it is this 29th day of May, 1940, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 15th day of June, 1940, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court,

MILTON J. HELMICK
Judge.

Insurance Concern Had Most Profitable Year

The American Asiatic Underwriters, Fed. Inc., had its most profitable year according to the annual report made public last week.

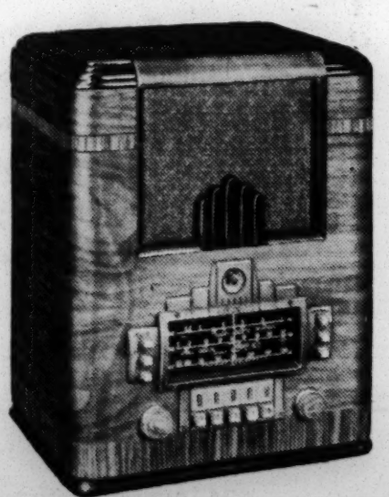
Payment of preferred - dividend appears to consist of a dividend of 40 per cent., or Tls. 40, per share for the five years ended December 31, 1939, on the 8 per cent cumulative preferred stock; and a dividend of 35 per cent or Tls. 35, per share for the five years ended March 31, 1940, on the 7 per cent cumulative preferred stock. These dividends will be payable to shareholders of record at the close of business on June 3, 1940. The common-share dividend is Ch.$1.40 per share, or approximately 10 per cent. Besides providing for the above dividends, the surplus wipes out the deficit brought forward from 1933 and leaves a carry-forward of Ch.$115,006.93 for the current business year after a special reserve of Ch.$500,000 for fluctuation of exchange and investments also has been set aside.

The corporation during the past year made, from operations, a profit of Ch.$801,365.60. Besides, exchange adjustments less net reduction in book value of investments aggregated another Ch.$845,225.87, making a total amount available of Ch.$1,646,-591.47. Of this sum, Ch.$500,000 has been set aside as a special reserve for fluctuation of exchange and investments, Ch.$100,000 as a special reserve for bonuses to the staff, and Ch.$89,044.70 as an addition to the reserve for overdue accounts to maintain the latter at Ch.$200,000, which is considered ample for all contingencies. After making these provisions, there remains a net surplus for the past year of Ch.$957,546.77. With the Ch.$364,346.80, deficit brought forward from 1938 deducted, the net surplus remaining as at the end of last year was Ch.$593,199.97. Of this amount the preferred-share dividends and the tax-saving dividend on common shares are calculated to absorb a total of Ch.$478,193.04, leaving a carry-forward to the current year of Ch.$115,006.93.

S.M.C. Delivers New Warning to Profiteers

Action (details not given) has been taken against a number of market stallholders and retailers who have failed to place price tags on necessaries sold by them, the Shanghai Municipal Council announced on Monday of this week. This statement was coupled with a warning that "action will be taken against all offenders who have not by Saturday, June 1, 1940, placed price tags on basic commodities (necessaries) sold by them and exhibited price lists in accordance with Municipal requirements as stated in Municipal Notification No. 5233."

1940 ZENITH LONG DISTANCE RADIO 1940



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Nippon Business Wants the N.E.I. Included in 'New Order' Framework

Japanese business interests last week launched a campaign to include the Netherlands East Indies in the framework of the "New Order" in East Asia. While exhorting the Japanese Government to guard against any attempt at changing the status of the islands, their eventual inclusion in an East Asia economic confederacy, comprising China and Manchukuo under the leadership of Japan, was demanded by these interests.

Following earlier assurances from all the great powers, including Germany, that there would be no attempt to change the political status of the islands, world interest in the Indies shifted from the political to the economic sphere during the week.

Self-Imposed Guardianship

Japan, which is nearer the Indies than any other great power and asserts her paramount interest in their future, assumed a self-imposed guardianship over them with an increasingly proprietary air as it became apparent that London and Paris would henceforth dominate the Dutch Government-General of the islands. The anxiety of Japan arose from the fear that increased exports of tin and rubber to the munitions plants of the Allies would cut into Japanese supplies.

Japan's hopes of expansion to the Indies was frankly admitted in a statement to the press made by Admiral Seizo Kobayashi, Governor-General of Formosa, on the occasion of his visit to Tokyo May 22. He declared:

"The situation in Formosa has changed considerably since the outbreak of the China incident. It has become the central base for Japan's southward expansion policy. Formosa must be developed for Japan's advancement in south China and the South Seas in the future. Heretofore there has been no chance to do so because of pressure against Japan from the continent. If this pressure is alleviated as a result of the China incident, Japan must concentrate on her southward expansion policy. I hope to advise the government in this respect during my present visit here."

Navy Minister Speaks

A further allusion to Japanese aspirations in the Pacific was made by Navy Minister Admiral Zengo Yoshida on May 27, the thirty-fifth anniversary of the Japanese naval victory over the Russian fleet in the battle of Tsushima. Admiral Yoshida referred to a new "Pacific era" about to begin for Japan. He said:

"The international situation has undergone many changes and the Pacific era which the Japanese victory in the battle of the Japan Sea suggested 35 years ago, is about to open. Furthermore we have no guarantee that the current European war will not spread to the Pacific."

On this same day of celebration the Tokyo English-language *Japan Times*, in a long leading article, urged the government to act promtply to safeguard Japan's interests in the Southeastern Pacific. The paper pointed out that every nation on earth, neutral as well as belligerent, is racing to increase armaments and to this end all possible raw material resources are being drafted.

"The importance of trade relations with the Dutch East Indies and the United States to Japan is obvious in such circumstances," declared the paper," and it is only natural that the Japanese Government and Navy should be resolved to protect Japan's trade rights in the Dutch East Indies."

The journal further saw the possibility of an early end to the war in Europe, with Japan unprepared to take advantage of the ensuing confusion. But above all considerations the important fact to the *Times* was the possibility that Japan's supply line from the Indies might be cut as a result, of increased demands for war materials made by the Allied powers.

Meanwhile to prevent any immediate slack in East Indian trade with Japan, a series of talks was engaged in at Batavia on Saturday, between Mr. Kyujiro Hayashi, director of the South Sea Association of Tokyo, and various Dutch colonial officials including the Governor-General. Besides the increasing mutual efforts to promote ordinary friendly relations between the Dutch and the Japanese, Mr. Hayashi broached the subject of cultural exchanges, between the two Pacific Countries.

An unpleasant development for the islands during the week was the German allegation that German nationals in the Indies were being subjected to indignities. On May 26 Berlin warned that severe retaliatory measures would be taken against the Dutch unless the alleged humilities to Nazi subjects were brought to a halt.

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Italian Ship Service To Far East Ended

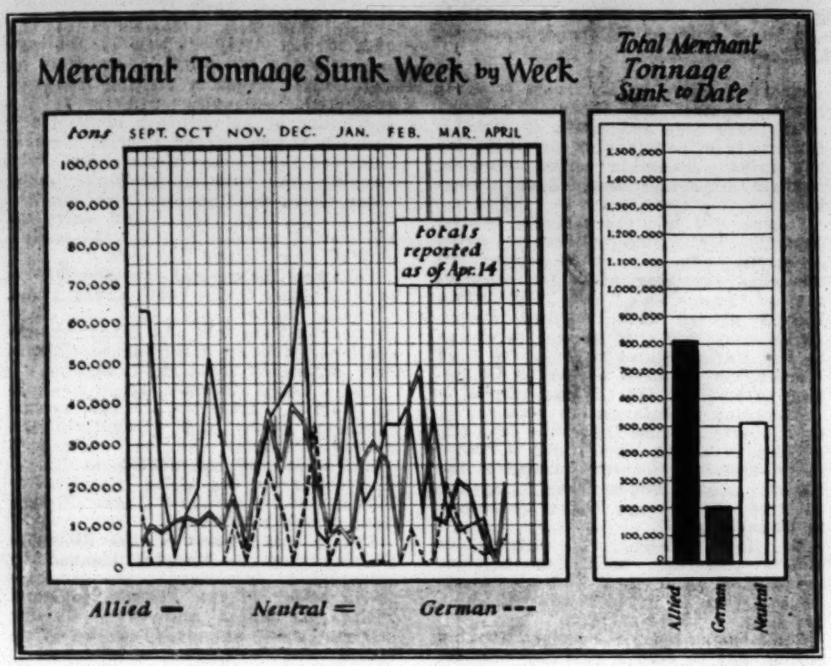
The Italian (Lloyd Triestino) Line in Shanghai announced May 24 that no more Italian passenger ships will sail for Far Eastern ports. The s.s. Conte Verde, due to tie up at Whangpoo buoys during the coming week, will terminate the service when it sails for Genoa June 9.

On May 25 the Line's Rome office announced suspension of its trans-Atlantic schedule until June 10 when the liners Rex and Augustus were to sail for New York.

Although the abrupt world-wide termination of the company's schedules was taken as an indication of Italy's preparation for war, officials of the line denied this and pointed out that trade between Italy and trans-oceanic lands has fallen off during the past months. Since the German invasion of Holland and Belgium there has been a further decline.

Freighters on the Far Eastern run have not been affected by suspension of passenger service. There were originally four express liners making the 30-day passage between Italian and China Sea ports: Conte Biancamano, Victoria, Conte Rosso and Conte Verde. The Conte Biancamano and Victoria were taken off the service early in the year.

Had Italy gone to war with the Allies last week, two of her finest liners the Conte di Savoia, which left New York for home May 24, and the Conte Verde, now Shanghai bound, would probably have been seized by British war vessels. There are about 10 Italian freighters in American ports and four more in Far Eastern waters, besides an unknown number in other seas of the world.



Newsweek

Britons Arrested for Illegal Yen Dealings

The Tokyo *Asahi Shimbun* reported May 21 that three Britons (names not given) had been arrested at Nagasaki the previous day in connection with illicit transactions in Japanese currency being carried on between Shanghai, Kobe and Osaka. Headquarters for the transactions were said to be the Cathay Hotel in Shanghai. The arrested men were reported to have confessed that they were working with 30 Britons and Indians at Osaka and Kobe, smuggling *yen* from Shanghai to Japan to purchase goods for sale in Shanghai. Foreign labels were substituted for Japanese labels on the goods thus purchased. The three men, who were arrested when disembarking from the s.s. Nagasaki Maru, reportedly said they had netted themselves 800,000 *yen*.

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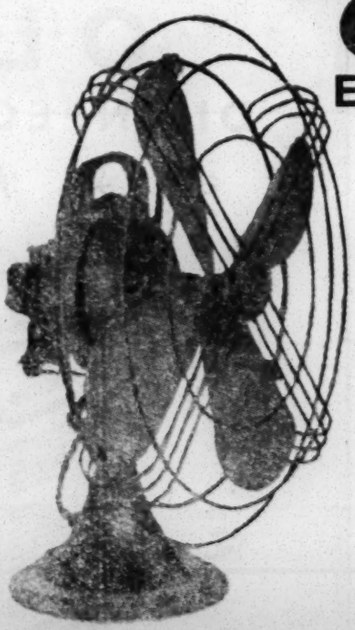

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

April 24

Chinese troops yesterday recaptured Kaifeng, Honan capital, and occupied the Japanese military headquarters inside the city, according to official Chinese reports. Chinese successes followed a bitter fight with Japanese troops in the suburbs of the city beginning April 21.

Staging the "most successful attack since the Japanese occupaion of Kaifeng," Chinese forces entered the strategic Lunghai railway city at 2.30 a.m. on April 23, but were routed after ten hours of street fighting, the Japanese Army spokesman in Peiping said.

Large scale hostilities spread throughout the entire southwestern Shansi Province on April 20 following the commencement of a general offensive by 15,000 Japanese troops simultaneously from the cities of Changtse, Changchih and Hukwan south toward the Honan border, according to Chinese reports.

Twenty civilians were killed when five Japanese planes bombed the outskirts of Changsha, Hunan capital.

The puppet Nanking government yesterday appointed Chen Kung-po, close follower of Wang Ching-wei and president of Nanking's Legislative Yuan, as chairman of Kwangtung. Peng Tung-yuen was named Mayor of Canton and Cheu Chi-chen Mayor of Swatow.

Chen Shu-jen, Chairman of the Overseas Affairs Commission of the Chinese Government, revealed on May 22 that the work of the Kuomintang Party abroad was meeting with serious obstacles in many countries, particularly in Malaya, Dutch East Indies, Siam and Brazil.

*
**

April 25

Chinese troops which entered Kaifeng on April 23 reported to have been withdrawn from the city following vigorous Japanese counter-attack.

Japanese forces in Shansi recently renewed their large scale offensive in an effort to dislodge strong Chinese positions from the Chungtiao and Taihang mountain ranges, southeastern Shansi, Chungking military spokesman revealed. The Japanese, advancing along nine routes in a simultaneous southern push, have been engaging Chinese forces along a 150-mile front.

Forty-eight Japanese planes bombed the outskirts of Chungking in the first raid this year.

Resuming their bombing raids along th Yunnan Railway, Japanese planes attacked the railway towns of Kaiyuan southeastern Yunnan.

Japanese military units last night clashed with Portugese police patrols on Lappa and Watsai islands, near Maccao, according to reports received in Hongkong.

Lin Yu-tang, noted Chinese author, in a special radio message to the **Phillippines Herald**, said that he was returning to China "to celebrate Chinese victory within two years." Dr. Lin arrived in Manila from America en route to China.

*
**

April 26

For the second successive day, Japanese planes bombed sections of the Yunnan Railway near Mengtze and Kaiyuan.

Chinese forces started a general counter-offensive on all fronts in south Shansi, against the Japanese columns which have been attempting to dislodge Chinese from positions in the Chungtiao and Taihang mountain ranges, according to field dispatches received at Chungking.

"China will win the struggle against Japan," Dr. Paul Monroe, noted American educator who arrived at Shanghai yesterday after an inspecion tour of "Free China," told THE CHINA PRESS aboard the President Pierce. Dr. Monroe said that he was returning to the United States in order to urge Washington to make a loan to Chungking to stabilize the Chinese currency.

According to information received by the Chinese Foreign Office, the majority of nations of the world have indicated their decision not to recognize the Nanking regime under Wang Ching-wei, declared the Foreign Office spokesman in Chungking.

Dr. Lin Yutang, who arrived in Manila yesterday, said that he was confident of an eventual Chinese victory. He said that he would remain in China "as long as the war lasts."

Commencing today the puppet Nanking regime was to hold a four-day celebration of the "return of the National Government to its capital." Gen. Nobuyuki Abe, Japan's special envoy to the regime, offered congratulations to Wang and reiterated the promise of Japan's "whole-hearted support" for his regime. Replying to Abe's felicitations, Wang spoke on the joint responsibility of China and Japan for the rejuvenation of East Asia. He said that the Japanese slogan "creation of a new order in East Asia" and Dr. Sun-yat-sen's idea of Pan-Asianism were really identical.

*
**

April 27

Gen. Chu Teh, Commander of the 18th Group Army (which is the new name for the 8th Route Army after its expansion), issued a circular telegram emphatically denying rumors of the possibility of an outbreak of civil war between troops of the Central Government and the Chinese Communists. The circular was counter-signed by many other Communist leaders who renewed the pledge that they would carry on the war of resistance under the leadership of Gen. Chiang Kai-shek.

Following the general counter-offensive by the Chinese on the south Shansi front, Chinese forces are said to have recaptured Yangchen and Lingchwan, in south-east Shansi, according to Chinese field dispatches reaching Chungking.

The Chinese National Government, in an effort to tighten the blockade against Japanese goods and strengthen the economic defense line, has decided to create a national organization in Chungking similar to the Allied Ministries of Blockade and Economic Warfare, Government circles said today.

The printing plant of the **Shanghai Evening Post & Mercury** bombed by unidentified terrorists. An Anamite police officer of the French Municipal Police was killed and three Chinese printers were wounded; all terrorirts escaped.

Formal diplomatic negotiations to readjust Sino-Japanese relations on the basis of the three principles of "good neighborliness, joint defense against

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Communism and economic cooperation" will soon be opened between Wang Ching-wei and Gen. Nobuyuki Abe, Domei reported from Nanking.

❀

April 28

Heavy fighting continuing in the vicinity of Fanchang and Nanling in Anhwei, according to Chinese field dispatches. The Chinese claim recapture on April 26 of Nanling, seat of the headquarters of the New Fourth Army.

On the south Shansi front, severe fighting now going on in the outskirts of Chingcheng, with high Chinese commanders personally directing the operations.

The huge Japanese offensive in southeastern Shansi collapsed yesterday with the Japanese suffering heavy casualties, reported the **Central News Agency.**

Gen. Pai Chung-hsi, leader of China's southwest defense, urged all Mohammedan countries, from the Near East to Central Asia, to form a "united front against imperialistic aggression." Gen. Pai himself is a Mohammedan.

Gen. and Madame Chiang Kai-shek, in a mesage sent to the first conference of the United Methodist Church at Atlantic City, N. J., yesterday, blamed the European war and the Sino-Japanese hostilities on "the selfishness and avarice of men."

Henri Cosme, French Ambassador to China, returned to Shanghai after having spent almost six months in Chungking.

Two Chinese boys, Tang Shao-hang aged 11 and Mao Hao-chia aged 13, decorated with military medals by the Military Affairs Commission for furnishing informtion on Japanese troop movements in southern Kwangtung last November.

April 29

Chinese air squadrons bombed Japanese military supply rains, motor lorries and warehouses between Hsinyang and Wushengkwan, north of Hankow, on the Peiping-Hankow Railway, military authorities in Chungking announced.

Severe battles were in progress in southern Shansi and southern Anhwei in the past 48 hours, Chinese military reports said. The 11th Japanese drive against the Chungtiao mountain Chinese stronghold in Shansi reported to have collapsed and the Japanese units there were faced with isolation.

Three hundred Chinese peasant homes were bombed or burned and more than 500 people massacred by Japanese troops in a district less than 15 miles west of Shanghai on April 24, according to account of a **China Press** reporter who visited the district. The Japanese forces encircled the area which lies half way to Tsingpu and began an intensive search for guerrillas alleged to have been harbored by the villagers. Twelve villages were burned and many peasants, including women, children and old men, massacred.

Dr. Lin Yutang, speaking in a radio broadcast in Manila, said that every sunset brings Japan nearer exhaustion and that he has no doubts about China gaining the upper hand in the situation.

Interviewed by a Japanese correspondent, Wang Ching-wei said that unless the people of China have confidence in his new regime, there will be no future to the peace movement and the "return of the National Government to its capital will be without significance."

Commenting on the recent celebrations of the Wang Ching-wei regime in Nanking, the **Nichi Nichi Shimbun** in Tokyo warned that "the people of Japan must not be flattered or dazzled by those outward manifestations of joy and happiness," for the Nanking regime "is no full solution of the China affair and Gen. Chiang Kai-shek is still keeping up a stiff resistance."

The **Hochi Shimbun** said that the situation as regards the new regime "does not necessarily warrant optimism."

Gen. Toshizo Nishio, Commander in-Chief of the Japanese Forces in China, issued an army decree on April 26 granting an amnesty to all Chinese political and military prisoners in Japanese occupied areas.

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Who's Who in China

Oliver Zi, engineer and Government official; born at Shaohsing, Chekiang, 1904; received his advanced technical education in Germany; graduate of the Berlin Technische Hochschule with Dip. Ing.; since his return to China he has served successively in

徐學禹

Oliver Zi (Hsu Hsueh-yu)

the following posts: member of the Arms Research Committee, Ministry of Military Administration, Nanking; acting senior expert. Ministry of Communications and concurrently Director, Shanghai Telephone Administration; Director, Chekiang Provincial Highway Administration; member of the Fukien Provincial Government and concurrently Commissioner of Reconstruction; member of the Executive Committee, Fukien Provincial Party Headquarters; member, Party and Political Affairs Committee of the Third War Zone; Director of the Fukien Office of the Land and Water Through Transportation Bureau of the Third War Zone; Chairman, Board of Directors, the Provincial Bank of Fukien; Chairman, Board of Directors, Fukien Provincial Trade and Transportation Company; member, Economic Committee, the Third War Zone; Advisor to the Fukien Provincial Government; he is generally regarded as one of the best trained engineers in China and an able administrator; address: Fukien Provincial Government, Yungan, Fukien.

Men and Events

Lieutenant-General Osamu Maeda of the Japanese Army died in Peiping on May 21 of kidney trouble. According to *Domei* Gen. Maeda had distinguished himself on north China fronts since 1937.

*

Sam Titlebaum, correspondent for the *Seattle Star*, Seattle, Washington, arrived in Shanghai last week and plans to remain here for some time investigating conditions and writing about the situation in the Far East. He is accompanied by Mrs. Titlebaum.

*

The Navy Department at Washington announced on May 24 that Major Harvey Overesch, until recently U. S. Naval Attache in China, stationed in Peiping, has been appointed to the command of Destroyer Division 10. Commander and Mrs. Overesch departed for the United States recently.

*

Dr. F. C. Yen, former director of the Chinese National Health Administration, departed from Hongkong on May 21 for the United States. The purpose of Dr. Yen's trip is to study the organization and equipment of American hospitals with the object of improving Chinese hospitals. Dr. Yen was formerly connected with the Yale-in-China Mission in Hunan and later was director of the Chinese Red Cross Hospital in Shanghai.

*

The Japanese Army spokesman announced on Wednesday, May 22, that it still was necessary for persons travelling from Shanghai into the surrounding countryside, to obtain passes from the Japanese military authorities. He said there had been two or three "small incidents" recently involving persons who did not possess passes.

*

A well-dressed Chinese woman, whose name was not given in the report, was found dead hanging in a room in the Zang Chow Hotel on North Chekiang Road, International Settlement, on May 23. The woman left two letters stating she had decided to kill herself because she had lost a large sum of money in one of the Japanese-protected gambling houses in the Badlands area.

*

Lawrence Howes, son of Mr. and Mrs. J. M. Howes, who is a student at the Shanghai American School, was awarded first prize in an essay competition held by the American Chamber of Commerce in connection with the annual observance of "Foreign Trade Week." The essay dealt with the importance of foreign trade.

*

Women and children in Hongkong would be evacuated to Manila in case of an emergency, according to a recent announcement of the Hongkong administration, which stated that the object of the report "was to keep registration up-to-date." The registration of civilians in Hongkong was first planned in August, 1939, "when a Japanese invasion was first feared," stated the report.

Dr. Moham Atal, head of the Indian National Medical Mission to China, delivered a radio address to the United States from Chungking on the evening of May 22. His address was delivered in English over Chungking's powerful shortwave station. Dr. Atal told of his experiences while operating a medical unit in guerrilla Zones. On the following night Dr. Atal broadcast an address to India in the Hindustani language.

*

The Central China Shipping Company, announced by the Japanese authorities several months ago, will not be organized, according to reports in the Chinese papers which stated that there were two reasons for the decision — internal disputes among Japanese interests, and shortage of capital. According to original plans the company was to be capitalized at Y30,000,000 and was to monopolize shipping in the Lower Yangtsze districts.

*

According to the *Sin Wan Pao*, Chinese banks in Shanghai have distributed more than 23,000,000 aluminum 1-cent and 5-cent coins. A further consignment of 10,000,000 coins will be issued shortly, stated the report. The report failed to explain the mystery of the disappearance of the new coins, however, as comparatively few are offered as change by local shops or exchange banks, which continue to use paper fractional notes. The issuance of fractional coins by private firms in Shanghai has practically ceased.

General Catroux, who has been Acting Governor of French Indo-China, has been appointed Governor in succession to Jules Brevie, former Governor, who has returned to France.

*

"Oil Wells Spout in Jehol," was the heading over a recent *Domei* message from Hsinking, Manchuria, which alleged that rich oil fields had been discovered near Fuhsin, Jehol province. The report claimed that the oil pool was 12 meters deep and that Well No. 1 had spouted a column of gas 100 meters high. The wells are being drilled by the Manchurian Petroleum Company, an organ of the Japanese Army.

*

The American magazine *Newsweek* on April 8 reported that "war fever" had invaded the little group of German and Allied newspaper correspondents stationed in Washington, D. C. For months they had maintained cordial relations and politely greeted each other at Secretary Hull's press conferences. However, the situation suddenly changed when the Foreign Correspondents Association, dominated by Allied writers, refused membership to Manfred Zapp, chief correspondent for *Transocean*, the Reich news service. The Allied writers claimed that Zapp was not a reporter but a propagandist, and also recommended that he be dropped from the National Press Club. The membership of Kurt Sell, correspondent for the German DNB service in the Foreign Correspondents Association or the National Press Club at Washington was not questioned.

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The Japanese Eastern Asia Tobacco Company, a branch of the government tobacco monopoly in Japan, which operates in north China, is planning to cooperate with the North China Tobacco Company, another Japanese concern, in a plan "to check the flow of British and American cigarettes into north China," according to a *Havas* report from Peiping on May 23. The two companies, according to the report, will produce special brands, designed to compete with British and American products.

*

The *Kokumin*, a Tokyo newspaper, stated on May 22 that most of the Japanese travellers in north China are government officials or persons connected with companies having business on the Continent, "or drifters who go over seeking to stumble on some get-rich-quick project.....most of the girls have gone to China to seek positions as waitresses." The number of travellers, according to the report, had increased from 800,000 in 1932 to 1,800,000 last year.

*

Persons leaving China "by land, sea or air," are prohibited from carrying with them any gold or gold objects whatsoever, according to regulations issued by the Chinese Government at Chungking on May 23. The purpose of the order, according to a *Reuter* report, is to restrict the export of gold or gold objects. Gold objects of antiquarian or artistic value may be exported only after a valuation has been made and a sum equivalent in value has been deposited with the Customs. Should the objects not be returned within a year, the deposit will be confiscated, stated the report. Persons travelling from one part of China to another cannot carry gold exceeding a Haikwan tael in value, according to the regulations.

*

The annual observance of Memorial Day by the American Community at Shanghai, took place on the early morning of Thursday, May 30, at the chapel of Bubbling Well Cemetery. Acting Consul-General Richard P. Butrick presided, the program including an invocation by Lieut. Roy R. Marken of the U. S. Marine Corps; vocal solo by Mrs. J. E. Fullam, accompanied by Henry Francis Parks; address, by R. J. McMullen; benediction by Dr. F. L. Hawks Pott. The National Anthem was played by the Fourth Regiment Marine Band and volleys were fired over the graves of deceased U. S. Servicemen by a squad from the U. S. M. C.

*

The American Association, on May 21, announced the election of the following members to its executive Committee, the election having been held by mail ballot: P. H. Bordwell, George Bourne, A. B. Henningsen, R. J. McMullen, R. E. O'Bolger, C. L. Boynton, J. M. Hykes, P. F. LeFevre, J. S. Potter, J. T. S. Reed, H. Maxcy Smith, Jr., W. A. Adams, N. F. Allman, P. M. Anderson, C. S. Franklin, Dr. J. C. McCracken, A. Bassett, J. W. Carney, J. Fistere, Jr., R. Gould, F. J. Twogood. Officers elected were, Chairman, R. J. McMullen, Vice-Chairman, R. E. O'Bolger, Hon. Treasurer, J. T. S. Reed, Hon. Secretary, W. A. Adams, and Secretary, James M. Howes.

The property of the American Christian and Missionary Alliance at Taiping, Anhwei province, was seriously damaged and the Chinese caretaker of the buildings killed, as a result of recent Japanese air raid on the city.

*

Tokyo Foreign Office announced on May 24 that Sadao Iguchi, chief of the information bureau, and former member of consulates in Shanghai and Chicago, had been appointed first secretary of embassy and concurrently consul in New York. Tomokazu Hori, former consul-general at Nanking, was appointed sectional chief of the Tokyo bureau of information and Shintaro Fukushima, consul and third secretary of Embassy at Washington, had been appointed consul at Los Angeles.

*

More than 55,000 persons have visited the "Art of China" exhibition now being held in Moscow, according to *Tass* report from the Soviet capital on May 23. The exhibition includes some 200 paintings, embroideries and musical instruments recently sent by the Chinese Government. Special interest was aroused by a painting "Fishermen in Distress," by the artist Kwang Shan-yueh, depicting the bombing of fishing boats from the air. Other paintings included Fang Jen-ting's "Refugees in Winter," and Chen Sou-ching's "A Woman Fighter." The exhibition also included, a section on the Chinese theater.

The Municipality of the French Concession at Tientsin, voted on May 26 to subscribe the sum of Francs 1,000,000 to French armament bonds. The French Concession at Shanghai, two weeks ago, voted to invest 5,000,000 Francs in French war bonds.

*

Major J. M. McHugh, Assistant U. S. Naval Attache, stationed at the U. S. Embassy at Chungking, will return to the United States shortly where he will be attached to the Marine Corps Schools at Quantico, Virginia.

*

The Missouri Society of China held its annual dinner and dance at the Winter Garden, Jessfield on Wednesday evening, May 22. Some 60 members and guests were present. Dr. W. J. Isenman, president of the Society, presided and talks were made by Judge Milton J. Helmick and Major Arthur Bassett.

*

The recently organized Sino-Soviet Aviation Corporation has announced the inauguration of regular air service between Alma-Ata, Eastern Russia and Moscow, beginning June 1. An air service between Hami, northeastern Sinking, and Alma-Ata was inaugurated several months ago. The Sino-Soviet Aviation Corporation is organized along the lines of the Sino-American China National Aviation Corporation and the Sino-German Eurasia Aviation Corporation. The Russian service uses Chinese and Russian planes.

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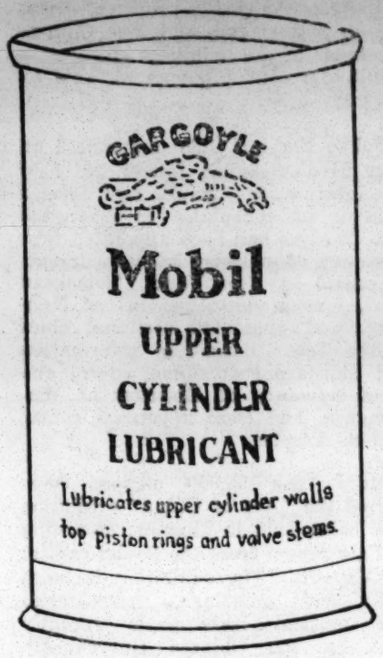

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Dr. Frank G. Haughwout, an authority on meteorology, delivered an illustrated lecture before the members of the Royal Asiatic Society and International Institute of China on Thursday, May 30.

*

Dr. and Mrs. Harvey D. Huang of Shanghai announced the engagement of their daughter, Miss Mary Huang, to Quincy C. K. Pan of Hongkong. Archibald T. L. Chen, master of ceremonies, Dr. Teh Ching-yen and Yung Fu-chang delivered congratulatory addresses. The function was held at the Park Hotel on Saturday, May 25 and was attended by more than 200 guests.

*

Mrs. Luba Rosenfeld, 30 years of age, died on Sunday, May 26, as a result of a fall from a fifth floor window of the General Hospital. She had gone to the hospital for medical treatment a few days previously. The fall was thought to be accidental although she had been suffering from mental depression for some time following the death of her husband a year ago. Mrs. Rosenfeld was a daughter of Mr. and Mrs. A. Strok and was well known in Shanghai. She is survived by a daughter 4 years old and relatives in Shanghai, Tientsin and Indianapolis, Indiana, home of her late husband. Funeral services were held on Wednesday at Baikal Road cemetery.

*

The Japanese military organ *Tairiku Shimpo*, published in Hongkew, reported on May 21 that the Japanese Army has decided on a new plan for the "reconstruction" of Shanghai, which involves the development of an industrial district at Woosung at the mouth of the Whangpoo. The new area will be developed by the Shanghai Land Development Company, a subsidiary of the Central China Development Company, which has been granted monopoly rights in the Yangtsze Valley by the Japanese Army. According to the plan 1,500,000 square meters of land will be "sold" for the building of factories, including chemical plants, iron and steel mills. Nothing was said in the report about what arrangement was being made with the Chinese farmers who own the land.

*

The Pan-Pacific Club, organized in Honolulu about a quarter of a century ago, held a conference in Tokyo this week. The *Domei* report stated that representatives of all nations about the Pacific, excepting China, were present. The American Ambassador, Joseph C. Grew, spoke on behalf of the foreign guests. He urged that nations look beyond their immediate problems into the vista of the future "as Balboa did when he discovered the Pacific 400 years ago." Mr. Grew suggested that the nations at some time in the future "would accept a universal system as their mutual ideal." The Japanese Foreign Minister, Hachiro Arita, stated he was a charter member of the organization when it was formed in Honolulu a quarter of a century ago. Others who attended were the British Ambassador, Sir Robert L. Craigie; French Ambassador, Charles Arsene-Henry; Netherlands Minister, Gen. J. C. Pabst; Soviet Ambassador, Constantin Smetanin.

New Books of Interest in the Far East

Travel in Tibet

SALWEEN—By Ronald Kaulback. Published by Harcourt, Brace and Company, New York, 1939. Illustrated, maps, index, 331 pages. Cloth. U.S.$3.75.

In 1933 a young Briton named Ronald Kaulback first went into Tibet with the plant-explorer Kingdon Ward; now a book appears which gives the account of his own 1935 expedition into Tibet to search for the source of the Salween. The journey of twenty-two months, of which eighteen were spent in Tibet, covered about three thousand miles in the Forbidden Land, mostly over unexplored territory. However the source of the Salween was not discovered. After being held three months at Nakshō Biru, about three hundred miles northwest of Lhasa, the party found it impossible to continue a further search to the north, or to cross the plateau westward to India. Moving southeast they explored the Salween Valley between Shopathang and Wosithang and returned to Assam by way of Sadiya, west of their entrance point, Fort Herz, the most northerly outpost in Burma.

Valuable as this book is on the scientific side—Mr. Kaulback was awarded the Murchison Grant of the Royal Geographic Society for this feat of exploration—its real pleasure lies in a most elusive quality. There is a rare gift of sharing experience and observation. The people in the villages become individuals, not types; the little Tibetan towns are places where people live, not names on the map. (The names indeed daunt the most venturesome.) Even the animals of Tibet through the author's interpretation become more than genus and species—the Khampa hunting dog who adopted them, the ticklish beetle named Beowulf who rode on Mr. Kaulback's finger, the praying mantis they watched crossing one of the rope bridges. "The last ten yards of the seventy took a good half hour, and several years off our lives; for each moment we expected somebody else to start over, and we knew that they would never wait for Percival to get clear. Weary though he was, when he reached our end he still had spirit enough to show fight, so we picked him up tenderly and put him in a convenient bush to recover. It would have been a sin to have collected and slain such a hero." Collector though he was Mr. Kaulback looked upon his animals with an unjaded eye. This same praying mantis "was a fine, well-built fellow some four and a half inches long, pale green in colour, and with a most insolent expression."

There is a whole album of personalities: Mr. Kaulback's companion, John Hanbury-Tracey, whose beard assumed such proportions that he was regarded as a Russian spy; the chief servant Lewa, a Sherpa from northeast Nepal, who had been four times on Everest and was the first to reach the top of Kamet with Frank Smythe. The stories of Lewa and the Tibetan servant Nyima Tōndrup are delightful. Then there was the nun who joined their party, gave birth to a baby next day and continued to walk on with them.

For those who have been interested in travellers in western China and Tibet there is further evidence of the inevitability of using certain main routes. This party crossed the path of Colonel Bailey who in 1911 made the journey from Peking to Assam; some of their route lay along that used by Kingdon Ward; and they mapped part of the road over which Brigadier General George Pereira had made his amazing journeys. This book is a worthy companion to the library of books on oriental travel which goes back to such glowing names as Chang Chi'en in the days of Han Wu Ti, Fa Hsien and Marco Polo.

No review of this book is complete without reference to the twenty-three handsome pictures. The style of carrying the cut to the edge of the page enables the printing of a much larger and more dramatic picture and is much to be commended. Both the views and portraits of the people are superb.

F.M.R.

Special Pleading

WARTIME PAMPHLETS NOS. 1 and 2 (Should Missions Go On—By Basil Mathews; Chinese Christians Face Their War—By Stanley Dixon). Published by the Edinburgh House Press, London. Each 24 pages. Price 3d.

THE HOUR AND ITS NEED—By William Paton. Published by the Edinburgh House Press, London, 80 pages. Price 1/ .

Christian leaders everywhere have shown their awareness of special religious conditions which obtain in wartime. Each of these three publications shows that war intensifies the consideration of God's Kingdom and what it means. As Basil Mathews writes:

"The fact that war has come upon the world does not weaken the authority of the teaching of Christ and His way of life, any more than the fact that after three years of teaching, He was broken upon the cross."

Basil Mathews takes up the question: should missions go on in wartime. He believes that during the twentieth century the forces of good have grown greatly in strength. Now he says is the time to face the problem of what the coming of God's Kingdom means in the economic, the political, the domestic and social life of man. Now is supremely the time to assert the world mission of the Christian Church, the only agency that stands for a world-wide fellowship.

The second Wartime Pamphlet is written by Stanley H. Dixon, Secretary of the British Missionary Societies, formerly a missionary in China. The wartime work of individual Chinese churches, of the National Christian Council, the Youth and Religion Campaign, the

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In the United States Court for China

JULIA MORRIS, born DEITCH *Plaintiff,* vs. GLENN LEROY MORRIS *Defendant.*	Cause No. 4486 Civil No. 2365 ORDER of Publication Filed at Shanghai, China, May 17th, 1940 WILLIAM T. COLLINS Clerk.

The object of this suit is an action for divorce and custody of the child.

WHEREAS, plaintiff herein, by her attorneys, has this sixteenth day of May, 1940, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the sixteenth day of May, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case on the sixteenth day of May, 1940, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has he resided therein since the last four years, and that defendant's last known address was La Habra, California, Post Office Box No. 124.

NOW, THEREFORE, it is this 17th day of May, 1940, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the seventh day of June, 1940, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China,
the 17th day of May, 1940.

MILTON J. HELMICK,
Judge.

witness of individual Chinese Christian leaders forms the main body of this booklet. The Chinese Church is bringing rich gifts to the universal church.

Dr. Paton, Secretary of the International Missionary Council, has written to show how intimately relevant is the world mission of the Church to the "actual concrete situation in which we now live." The church in a time of unpredictable change may well find itself confronted with opportunities previously beyond its reach, says the author. *The Hour and Its Need* was written immediately after the outbreak of the war, the past months show the validity of its conclusions. The chapter on Christian Missions and a Better International Order deals mainly with the fundamental nature of the universal church and its relation to a world of national states. The stand that the church should make in wartime is of special concern:

"I have heard," writes Dr. Paton, "men of affairs, themselves wholehearted in their resolution about the war express their fear that organized Christianity will be extinguished in later years if the church does no better than in 1914-1918."

All three of these publications have reading lists for further study. There are also questions for discussion and for group study. The Christian world must find answers for the questions brought forward and discussed by these three men.

F.M.R.

In the United States Court for China

WILLIAM BENJAMIN GANCI, *Plaintiff,* vs. RUTH IRENE WATKINS GANCI, *Defendant.*	Cause No. 4487 Civil No. 2366 ORDER Filed at Shanghai, China, May 21st, 1940 WILLIAM T. COLLINS *Clerk.*

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, Messrs. Rodger & Wiener, has this 21st day of May, 1940, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 21st day of May, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court;" and

WHEREAS, it appears from the files in this case that on the 21st day of May, 1940, the plaintiff herein filed an Affidavit to the effect that the defendant does not reside in China, nor has she resided in China for the past five years, and that defendant's last known address was 262 South Poplar Street, Hazleton, Pennsylvania, United States of America.

NOW, THEREFORE, it is this 21st day of May, 1940, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 8th day of June, 1940, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court,

MILTON J. HELMICK
Judge.

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